



Doing Business In Botswana: A Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Botswana](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business In Botswana

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Botswana's economy is built on the diamond mining industry, and this sector still dominates: As of the last quarter of 2010, mining contributed to 50 percent of overall GDP growth, and it supplies about a third of the government's total revenue. Despite mining's great contribution to the country's wealth, the sector only accounts for about 5 percent of employment. Botswana's economy is among the most skewed in the world between rich and poor, and an estimated 30 percent of Botswana's population survives on less than \$1.25/day.

Largely due to diamond revenue, Botswana enjoyed the highest GDP growth rate in the world from 1970 to 1999 (8.3 percent). Its economy contracted somewhat in the wake of the global financial crisis, but recovery is well underway. Real GDP grew by 10.7 percent in 2010 and is expected to grow by 6.3 percent in 2011. The non-mineral GDP growth rate is estimated to reach 4.8 percent in 2011.

The manufacturing sector is small, accounting for about 4 percent of GDP, and is focused on the small downstream diamond industry. Agriculture accounts for even less of Botswana's wealth, with only about 2 percent of GDP. Services represent about 10 percent of GDP, and the Government of Botswana is the major buyer in the country, with central government expenditures accounting for 28 percent of GDP.

Botswana's mining revenue has provided the government with resources to construct and maintain a solid infrastructure, including roads, telecommunication systems, hospitals, hotels, and schools. The presence of a well-maintained infrastructure, complimented by political stability, tends to encourage foreign investment. However, the HIV and AIDS epidemic has hit Botswana hard, with prevalence rates at roughly 18 percent.

Recently, public debt has increased and represents about 12 percent of GDP. Recent studies by the World Bank and IMF have called for stringent control of public expenditure for long term budget sustainability. To restore fiscal discipline, the budget for fiscal year 2010/11 recommended expenditure cuts and highlighted a range of savings, efficiencies, and revenue-generation efforts – some of which have been achieved – and the 2011/12 budget stressed the need to balance the budget by 2012, continue cost containment, and “ensure that the public and parastatal sectors do not crowd out the private sector, because...the private sector is...critical to high growth.”

Some question the government's political will to cut the deficit and reign in spending significantly. However, in 2010 the government froze wages for government employees

(which make up roughly half of total employment), and the last two annual budget papers have emphasized “doing more with less.”

The Pula is expected to depreciate in the near term, stimulating exports and supporting Botswana’s current account. Although the Pula’s depreciation limits the growth of imports generally, demand for particular imported goods and services – especially infrastructural developments and mining projects – should remain strong.

Year-on-year consumer price inflation was 6.9 percent in 2010 compared to 8.2 percent in 2009. The government anticipates that inflation will fall within the Bank of Botswana desired range of 3-6 percent by the second quarter of 2011.

U.S. Government trade statistics show total U.S. exports to Botswana of \$33 million in 2010 (Jan-Nov), of which the bulk was machinery and transport equipment, generators, and telecommunications equipment. U.S. imports from Botswana totaled \$154 million (Jan-Nov). As many U.S. products enter Botswana as re-exports from South Africa, the export figure does not represent the total consumption of US goods in the country. Similarly, the U.S. import figure does not include most diamonds, which generally enter the U.S. as re-exports from the United Kingdom.

The major U.S. export opportunities for Botswana continue to be in the area of mining equipment, hospital/medical equipment and supplies, aircraft equipment, pharmaceuticals, telecommunications equipment and supplies, computer hardware and software, solar energy equipment, and financial and consulting services. The Botswana government has targeted tourism, light manufacturing, financial services, leather products, and energy and pharmaceuticals for greater foreign investment.

Botswana is a member of the Southern Africa Development Community (SADC). The SADC Trade Protocol provides each member state most favored nation treatment on import and export duties. SADC members have not yet negotiated a Free Trade Agreement eliminating tariffs but there is a commitment to develop one. FTA negotiations between the United States and the region were suspended in 2006.

Botswana is also a member of the Southern African Customs Union (SACU). Customs and excise duties in SACU are pooled and distributed according to a revenue sharing formula. Historically, payments from SACU have represented a large proportion of Botswana’s total public sector revenues (in 2007, for example, it was 27 percent). But revenues from this source have declined from 2007 to the present. Should member states revise the revenue sharing formula as they are set to do in the near future (South Africa pays the most and has grown frustrated with its role subsidizing the smaller economies), this decline will accelerate.

Botswana has had a democratically-elected government since independence in 1966. Democratic institutions are in place and function well. Parliamentary elections held in October 2009 were free and fair. The next general election is expected in October 2014.

In 2010, Transparency International rated Botswana the least corrupt country in Africa, and 33rd out of 178 countries.

Botswana and the U.S. enjoy excellent bilateral relations.

Market Challenges

[Return to top](#)

More than 800 US companies do business in neighboring South Africa, and market observers in the region often wonder why more of them are not also doing business in democratic, stable, and easily reachable Botswana. The reason cited most often is the small size of Botswana's market. With a population of only 1.8 million, Botswana, for many companies, does not represent the sizeable market opportunity that would justify the extra time and expense required in doing business across an international border and in another jurisdiction. An FTA between the fifteen SADC member states and the unification and simplification of laws, regulations and procedures—still years away—would change that equation by encouraging observers to think in terms of entering Botswana as a gateway to the SADC market of 250 million people and a convenient central location from which to do business, well connected by transport corridors to neighboring states.

The next most frequently cited market challenge is the narrow skills base of Botswana workers. Partly due to the country's small population, and partly due to lack of opportunities for workers to gain experience and training, Botswana offers too few experienced managers and specialists. Most investors find they must retain expatriates to fill these roles. This poses its own problems, as work and resident permits for expatriate employees are subject to increasing bureaucratic delays and hurdles.

Other market challenges commonly cited are regulatory constraints in certain sectors which have little or no relationship to the protection of the public interest; excessive "red tape" and overly bureaucratic and outdated procedures for obtaining licenses and permits; limited access to finance; high cost of high-speed internet; high cost of energy (Botswana imports 80 percent of its energy and is sensitive to rate hikes by neighboring power suppliers); poor customer service; and low worker productivity.

Market Opportunities

[Return to top](#)

Particular sectors in Botswana offer good market opportunities. The mining sector continues to perform well, and copper and nickel are showing strong profitability. De Beers Co. dominates Botswana's diamond industry; its mining operation, Debswana, is jointly owned by the Government of Botswana and De Beers. Debswana's total sales average roughly \$300 million per month.

Botswana wishes to capture more of the diamond production value chain including trading, cutting, and polishing. To that end, it has built a state-of-the art Diamond Technology Park on the outskirts of Gaborone. Yet, Botswana's efforts to create a local trading platform conflict on a basic level with De Beers' long-held marketing model. De Beers (through Debswana), ships the vast majority of the diamonds it mines in Botswana to its diamond trading centers abroad, where they are sold, cut and polished. Only a small fraction of Botswana's rough diamonds are sold locally. The local De Beers-authorized seller is the Diamond Trading Company Botswana (DTCB). Only 16 companies (known as "sightholders") are licensed to make diamond purchases from DTCB. In this way, De Beers, though it has brought great wealth to Botswana, has directed the bulk of revenue-generating diamond-related downstream processes such as cutting and polishing away from Botswana.

However, prospects for a Botswana-based diamond trading platform looked especially good in 2010 when an independent diamond mining company not affiliated with De Beers—UK-based Firestone Diamonds—sold its diamonds locally to international buyers. The Firestone tender represented the first sale of rough diamonds in Botswana outside of the De Beers framework. The Botswana government permitted Firestone to open a mine in Botswana on condition that it sold a portion of its diamonds in Botswana. Unlike in the De Beers framework, no “sightholder” license was required of an international buyer to purchase the diamonds offered. While this was a welcome development, observers note that for Botswana’s diamond trading platform to be sustainable, the country will need to ensure the availability of a steady flow of rough diamonds to attract international buyers in greater numbers.

By the end of the year, no announcement had been made about whether the Government of Botswana had prevailed on De Beers to allow it to establish an independent marketing channel for diamonds mined in the country. Such a channel would help further aid the development of a diamond trading platform in Botswana and help build up a local skills base in diamond sales and marketing.

Energy remains an important sector to watch for investors. To further its goal of reducing dependence on South African power and becoming a net exporter of electricity, Botswana has made large investments in additional power plants and has authorized at least one independent power producer, Karoo Sustainable Energy, to begin producing electricity through coal-bed methane gas.

The renewable energy sub-sector is also poised for growth—especially solar, as Botswana is an ideal locale for on and off-grid photovoltaic power—but the pace of this growth will depend on government policy decisions such as whether to allow feed-in tariffs and the further development of appropriate standards.

Botswana has some potential to become a center for business process outsourcing, financial services including banking and insurance, call centers (Botswana boasts many well-educated English speakers), and research (Merial, an international animal health company, recently broke ground on a \$200 million vaccine laboratory), but high internet costs and a poor IT skills base have hampered strong growth in these areas. As internet costs drop, however, Botswana’s good telecommunications and road infrastructure, well-developed banking sector, and English speakers may make it increasingly attractive for such businesses.

Despite the recession, Botswana’s tourist market continues to grow, with high-end tour operators and hotels experiencing continued profitability. In addition, there is a steady demand for health services and medical/surgical equipment. Major construction projects principally commissioned by government abound, but bidders typically face fierce competition from Chinese firms which build using questionable standards and imported labor.

Market Entry Strategy

[Return to top](#)

In Botswana, personal relationships established telephonically or preferably in person are essential to establishing effective business relationships. For a large project involving government, meeting partners face to face is essential. Investors increase

their chances of successfully navigating the bureaucracy to start their project by partnering with a local firm. In order to gain access to government loans and grants, having a local partner is mandatory.

The Botswana Export Development and Investment Authority (BEDIA) can facilitate market entry if the investor's project has potential for local employment creation and will facilitate the development of the export market. Also, local consultants can source potential business partners and the U.S. Embassy's Economic/Commercial Section can assist American investors by providing general advice on economic conditions and, in some cases, specific market intelligence. The U.S. Department of Commerce's Gold Key partner search and business meeting facilitation services are also available.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1830.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint-ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

U.S. companies looking for assistance in finding a Botswana agent or distributor are advised to contact BOCCIM, the Botswana Confederation of Commerce, Industry, and Manpower. BOCCIM has more than 2,000 member companies and is the largest private sector association in the country. Its membership directory is not available online but the Economic/Commercial Section of the U.S. Embassy can provide a hard copy (CommercialGabs@state.gov).

The US Commercial Service's International Partner Search program also provides partner search services, for a fee. Partner search services for Botswana are available through the US Commercial Service in Johannesburg (www.buyusa.gov/southafrica/en).

Establishing an Office

[Return to top](#)

Companies interested in investing in Botswana should contact the Botswana Export Development and Investment Authority (BEDIA) (<http://www.bedia.co.bw>), the Government of Botswana agency charged with assisting foreign investors in setting up operations.

Company formation and registration in Botswana is relatively straightforward but it is not yet online. All companies doing business in the country must be registered with the Registrar of Companies. Industrial and intellectual property can also be registered with the Registrar. Registration typically takes two weeks; commonly an investor will engage a local attorney to assist. A list of local attorneys who practice in this area can be obtained from the U.S. Embassy's Consular Section (<http://botswana.usembassy.gov>).

Franchising

[Return to top](#)

Although most franchises in Botswana are from South Africa, a few U.S. franchises operate in Botswana including DHL, Federal Express, Coca-Cola, Kentucky Fried Chicken, Avis, and Re/max Realtors.

Registering a franchise requires the same procedures as registering a company and must be done with the Registrar of Companies. Depending on the type of business, the government may also require a license issued either by the city council or the Ministry of Trade and Industry.

Direct Marketing

[Return to top](#)

Although direct marketing techniques are not in great use in Botswana, the country's good telephone and postal infrastructure would permit the use of direct mail or telemarketing.

Joint-ventures/Licensing

[Return to top](#)

Joint ventures between local and foreign partners are common and are encouraged, especially where the foreign partner brings production or design expertise and marketing ties. Investors looking for partners should contact the Botswana Development Corporation (BDC – www.bdc.bw) and use the U.S. Commerce Department's International Partner Search service.

Selling to the Government

[Return to top](#)

Public procurement in Botswana is centralized. The Public Procurement and Asset Disposal Board (PPADB - <http://www.ppadb.co.bw/>), awards all government tenders. The tender process is generally transparent. Tenders are listed online at the Government's central website (<http://www.gov.bw/en/Tools--Services/Services/Tenders/>). The PPADB's Complaints Review Committee reviews PPADB decisions challenged by stakeholders. The PPADB publishes decisions concerning awarded tenders, prequalification lists and newly registered contractors on its web site and in the Government Gazette. Although lobbying the PPADB directly is prohibited, foreign businesses may contact the individual government departments which request the creation of PPADB tender offers at any time to discuss the products and services they offer.

The government is the largest consumer of goods and services in the country. In 2009 the government spent approximately \$2.9 billion in public procurements. The National Development Plan Version 10 outlines key government projects, the largest of which concern road improvement throughout the country and a series of highway upgrades, construction and extension of the University of Botswana in Gaborone, construction of three dams and cross-country water carriers, construction of junior and secondary schools throughout the country, Botswana Defense Force procurements including vehicles, and health infrastructure and health worker accommodation construction. In addition, the government is set to make major procurements for the development of

drainage systems, roads, and fencing in the near future to support the government's Pandametenga Agriculture Infrastructure Development Project. The government's Renewable Energy-Based Rural Electrification Project, a national off-grid household energy project, will provide opportunities for photovoltaic power manufacturers to supply an estimated 50,000 rural end-users.

The U.S. Embassy can assist in making initial business contacts to gain government business. Investors should be aware that some areas of government procurement contain preference schemes for Botswana citizen-owned businesses. Consult the investment climate chapter for further details.

Distribution and Sales Channels

[Return to top](#)

Botswana is a landlocked country at the center of the Trans-Kalahari Corridor which connects Johannesburg through Botswana to the port of Walvis Bay in Namibia. Botswana is also part of the North-South Corridor which connects the port of Durban through Botswana to Zambia and Dar es Salaam. The major transport corridor is the North-South to and from the port of Durban, but many shippers find Walvis Bay to be an increasingly attractive alternative due to delays at Durban.

Most goods enter Botswana through Gaborone, the capital city. However, other points of commerce include Lobatse, Francistown, Maun and Kasane. Roads are typically good, although driving at night is dangerous and should be avoided.

The vast majority of U.S. products sold in Botswana enter as re-exports from South Africa. Many U.S. companies maintain regional distributorships in South Africa, which supply the rest of the SADC region.

Selling Factors/Techniques

[Return to top](#)

English is the official language, but Setswana is the traditional language and remains predominant in social and business interactions. Depending on the scale or target consumer, marketing materials may need to be translated into Setswana.

Electronic Commerce

[Return to top](#)

Internet usage is on the rise, but remains low nationwide (less than 5 percent). Mobile broadband service using cellular technology is available, and coverage is generally good, but it is slow. DSL service through fixed lines and a relatively good national fiber backbone is generally reliable but it is expensive relative to US internet costs. Speeds should improve as Botswana gains access to the ACE (Africa West Coast) and Seacom (Africa East Coast) undersea cables. Prices may decrease as the government moves ahead with its plans to privatize the Botswana Telecommunications Corporation.

Point of sales for credit card transactions are numerous and widely available with reliable connections to processing centers.

No legislation as yet provides for digital signatures.

Trade Promotion and Advertising

[Return to top](#)

Newspapers and radio are the most common advertising media in Botswana, though as more citizens access the internet through mobile devices in the coming years, advertising via internet will become more important to vendors.

South African satellite television broadcasts reach the major cities and can provide a venue for products marketed throughout the region. The national television station, BTV, and the Gaborone television station, GBC, may also prove useful means for advertising.

Major newspapers are:

- (a) The Botswana *Guardian* - www.botswanaguardian.co.bw
- (b) The Botswana *Gazette* - www.gazette.bw
- (c) The Midweek *Sun* - www.midweeksun.co.bw
- (d) Mmegi - www.mmegi.bw
- (e) The *Daily News* - www.dailynews.gov.bw/; and
- (f) Sunday Standard – www.sundaystandard.info
- (g) The *Advertiser* - Printing and Publishing Services, P/Bag 0081, Gaborone, Tel: (267) 391-4788, Fax: (267) 391-4595, email: advertiser@info.bw. (No website)

Advertisers interested in wide, local and English language coverage may wish to contact Radio Botswana at the Department of Information and Broadcasting, P/Bag 0060, Gaborone, Tel: (267) 395-2541; Fax: (267) 395-2541.

Private radio stations include:

- (a) Gabz FM 96.2, Bag B0319, Gaborone, Tel: (267) 3956-962 and
- (b) Yarona FM 106.6. Box 1607, Gaborone, Tel: (267) 391-1066.
- (c) Duma FM 93., Box 1823 Gaborone, Tel: (267) 350 - 0130

The government-owned Botswana television station (BTV) offers some advertising. Interested advertisers should contact the Department of Information and Broadcasting at the above address. The GBC television station, Box 921, Gaborone, Tel. (267) 395-7654, Fax (267) 390-1875, email: gbctv@info.bw, offers advertising for the Gaborone market.

“*Beneath Botswana*” is a locally produced trade magazine for the mining industry and “*Discover Botswana*” is a Botswana tourism trade magazine which showcases tourism resources and investment opportunities. For more information visit: <http://beneathbotswana.com> and www.discover-botswana.com.

Several reputable marketing, media, and advertising agencies are available in the country. These include:

- (a) Horizon Ogilvy and Mather - www.horizon.ogilvy.co.bw
- (b) Marketing Communications - Email: marcom@info.bw
- (c) Media Communications - Email: vich@medcom.bw
- (d) Clear Channel Independent Botswana - www.ccirsa.com
- (g) Dialogue Saatchi & Saatchi – Email: kefilwe@dialoguesaatchi.com

Pricing

[Return to top](#)

Companies are free to set prices inclusive of Value Added Tax (VAT). Most goods are free of price controls, with a few exceptions such as maize meal, petroleum, diesel, illuminating paraffin, and beef.

Currently there is VAT of 12% charged on most sales of goods and services. Sales of petrol, diesel, paraffin, maize and sorghum meal, financial, educational, and health services are exempt from VAT.

Sales Service/Customer Support

[Return to top](#)

Service and after-sales support for imported products sold in Botswana is typically spotty. A distributor will find a distinct market advantage in providing a full range of after-sales support through an authorized representative; for producers with important brand reputations to protect, strong after-sales support including parts and service in Botswana will be essential.

Protecting Your Intellectual Property

[Return to top](#)

Protecting Your Intellectual Property in Botswana:

Several general principles are important for effective management of intellectual property (“IP”) rights in Botswana. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Botswana than in the U.S. Third, rights must be registered and enforced in Botswana, under local laws. Your U.S. trademark and patent registrations will not protect you in Botswana. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Botswana market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally

cannot enforce rights for private individuals in Botswana. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Botswana law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Botswana require constant attention. Work with legal counsel familiar with Botswana laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Botswana or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Botswana from the U.S. Commercial Service in Johannesburg (<http://www.buyusa.gov/southafrica/en/>).

IPR Climate in Botswana

Botswana is a member of both the Berne and Paris Conventions, and its laws now largely comply with the World Trade Organization's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement.

Botswana's 1996 Industrial Act recognizes and protects patents (whether or not their holders are citizens), utility model certificates, industrial designs and trademarks. The Botswana legislature passed a new Industrial Act in April 2010. The law covers layout designs of integrated circuits, geographical indications, and traditional knowledge and handicrafts. It also extends protection to patents subject to the Patent Cooperation Treaty and trademarks registered under the Madrid Protocol. Implementing regulations have not yet been developed to facilitate application of this new legislation. The U.S. Embassy strongly recommends that patent and trademark holders seek local legal advice before relying on this new legislation.

The 2008 Botswana Copyright Act protects, to an internationally accepted standard, the rights of creators of literary, artistic, dramatic, and cinematographic works; computer programs; broadcasting organizations; and sound recordings. This legislation brings domestic law into compliance with the international copyright agreements Botswana has

agreed to including the World Intellectual Property Organization Copyright Treaty and the WIPO Performances and Phonograms Treaty.

A Copyright Office exists in Gaborone with a branch in Francistown. The Copyright Office supervises the activities of the Copyright Society of Botswana (COSBOTS). The Copyright office advises the Government and its agencies on matters pertaining to copyright law and Botswana's obligations under international agreements. The office keeps a database of copyrighted works and copyright transfers and assignments. It also carries out anti-piracy awareness campaigns.

Contact information for Botswana can be found at <http://www.wipo.int/directory/en/urls.jsp>.

Due Diligence

[Return to top](#)

Due diligence can be conducted in Botswana by engaging a local attorney. Many of the global accounting firms have offices in Gaborone also provide due diligence services.

Delloitte & Touche: www.deloitte.com, Tel: (267) 375 - 1611
Ernest & Young: www.ey.com, Tel: 397 -4078

Local Professional Services

[Return to top](#)

Botswana Telecommunications Corporation: www.btc.bw

International Financial Services Center: www.ifsc.co.bw

Botswana Export Development and Investment Authority: www.bedia.co.bw

Botswana Confederation of Commerce, Industry and Manpower: www.boccim.co.bw

Botswana Development Corporation: www.bdc.bw

Ernest and Young: www.ey.com

Web Resources

[Return to top](#)

Government Tenders: <http://www.gov.bw/en/Tools--Services/Services/Tenders/>

Botswana Telecommunications Corporation: www.btc.bw

International Financial Services Center: www.ifsc.co.bw

Botswana Export Development and Investment Authority: www.bedia.co.bw

Botswana Confederation of Commerce, Industry and Manpower: www.boccim.co.bw

Botswana Development Corporation: www.bdc.bw

Exporters Association of Botswana: <http://www.exporters.bw/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [Mining – Leading Sector #1](#)
- [Financial Services – Leading Sector #2](#)
- [Tourism – Leading Sector #3](#)
- [Telecommunications – Leading Sector #4](#)
- [Energy – Leading Sector #5](#)
- [Health Care Industry – Leading Sector #6](#)
- [Textile and Apparel – Leading Sector #7](#)

Mining (MIN) – Leading Sector #1

Overview

[Return to top](#)

	2010 (est)	2011 (est)	2012 (estimated)
Total Market Size	\$ 33 billion	\$ 43 billion	\$ 52 billion
Total Local Diamond Production	23 million carats	26.5million carats	32 million carats

Data is estimated at an average exchange rate of P1 = \$ 0.149

Note: Statistics are unofficial estimates.

Source: Debswana.

For the past four decades the mining sector accounted for roughly 70 to 80 percent of national foreign exchange earnings, 33 percent of government revenue, and 40 percent of GDP. Botswana's mining industry consists mainly of diamonds and mining currently accounts for about a third of government revenue. Other minerals include copper-nickel matte, coal, soda ash, salt, and small amounts of gold. More recently, coal and uranium have emerged as key revenue generators.

The performance of the mineral sector has been remarkable; however it declined sharply in 2008 due to the global economic crisis. By the first quarter of 2009 diamond exports had collapsed by about 67 percent. However, recovery is underway; Botswana's diamond exports rose 24 percent year on year to \$805 million in the fourth quarter of 2010. Debswana has reported that they expect to produce 15 percent more diamonds in 2011 as market conditions improve. A fourth Debswana mine, Damtshaa, will re-open in 2012 following a three-year shut down, and production is soon to start at a new mine in Gope. Government policy continues to encourage prospecting and new mine development.

Debswana, a 50/50 joint-venture between the Government of Botswana and De Beers, is the nation's main diamond mining company. De Beers and the government have signed license agreements for Debswana's four diamond mines through 2029. As demands to increase diamond mining's contribution to employment have risen, the Government has pressured Debswana to actively promote downstream processing of minerals, such as diamond cutting and polishing, diamond jewelry manufacturing and a rough diamond trading facility. Several new cutting and polishing companies recently opened in Botswana.

The Diamond Trading Company (DTC) Botswana is a 50/50 joint-venture company between the Government of Botswana and De Beers. Although DTC Botswana was expected to create more than 3,000 new jobs in Botswana in downstream diamond related activities, this has not materialized. There are currently 16 sightholders actively operating in Botswana including two U.S. companies namely, Lazare Kaplan and Laureton (a wholly owned subsidiary of Tiffany's).

U.S.-based Caterpillar has captured a sizable portion of the mining equipment market. Equipment is supplied by distributors mainly located in South Africa and recorded as imports from the country of supply and not as imports from the country of origin, hence

the understated value of imports from the U.S. All heavy equipment and machinery are imported, as there is no local production or assembly.

Sub-Sector Best Prospects

[Return to top](#)

Mining equipment, services, mineral prospecting and consulting are the best sub-sector prospects.

Opportunities

[Return to top](#)

In April 2009 the government initiated the process to amend the Mines & Minerals Act 1999 and the Mines, Quarries Works and Machinery Act and its associated regulations to improve the legal framework. The areas to be covered include mine site rehabilitation, regulations governing uranium operations, and exploitation of coal bed methane. Legislation is still at the drafting stage. The amendments will provide for private exploitation of natural gas.

The Diamond Hub, established in 2008, aims to attract diamond technology companies and has four areas of concentration: diamond cutting and polishing, establishment of a rough and polished diamond trading facility, development of diamond jewelry manufacturing and support industries. The government has plans to make the activities of the Hub more attractive by extending Free Trade zone privileges to all diamond core activities with special dispensations in the tax, import duty and labor fields.

Web Resources

[Return to top](#)

Ministry of Minerals, Energy and Water Affairs: <http://www.mmewr.gov.bw/>

Debswana: <http://www.debswana.com/>

Ministry of Trade and Industry: www.mti.gov.bw

Botswana Unified Revenue Services (BURS): <http://www.burs.org.bw>

Financial Services (FNS) – Leading Sector #2

Overview

[Return to top](#)

	2010	2011	2012 (estimated)
Total Market Size	\$1,673.05 million	\$1,823.63 million	\$1,987.76 million

Data is estimated at an average exchange rate of P 1: 0.149

Note: Statistics are unofficial estimates

Botswana's financial services sector is developing rapidly through the International Financial Services Center (IFSC). Incentives to attract companies to base their operations in Botswana include a guaranteed 15 percent corporate tax for IFSC companies until 2020; an exemption from withholding taxes on interest, commercial royalties, management or consultancy fees and dividends paid by an IFSC company to a non-resident; a tax credit for withholding taxes in other jurisdictions; a tax exemption for Collective Investment Units (CIU); and no foreign exchange controls. The Bank of Botswana regulates the IFSC.

IFSC-registered companies are eligible to carry out banking and financing operations, brokerage and securities trading, investment advice, collective investment schemes, captive insurance and reinsurance business, registrars and transfer agency services, accounting and financial administration, and back office support or business processing outsourcing, including call centers. The majority of existing financial services businesses are in the areas of international banking, funds administration, corporate treasury management and captive insurance operations, including two U.S. firms, the AON and Marsh insurance companies.

The IFSC has certified 50 companies. In 2009 the Central Bank transferred the responsibility for regulating the activities of the IFSC and Collective Investment Undertakings (CIUs) to the Non-Bank Financial Institutions Regulatory Authority (NBFRA).

Sub-Sector Best Prospects

[Return to top](#)

Insurance and reinsurance, regional investment banking and structured financing operations, and business process outsourcing.

Opportunities

[Return to top](#)

Botswana may be an ideal location from which a financial services company could base its operations and anchor a multi-country product. Botswana's financial services and insurance regulatory framework has been designed to encourage this, and IFSC allows registered companies to denominate their share capital in all the major convertible currencies.

Web Resources

[Return to top](#)

International Financial Services Center: <http://www.ifsc.co.bw/>


Non-Bank Financial Institutions Regulatory Authority (NBFIRA):
<http://www.ifsc.co.bw/nbifira.php>

Ministry of Finance: www.gov.bw

Bank of Botswana: www.bob.bw

Ministry of Trade and Industry: www.mti.gov.bw

Botswana Unified Revenue Services (BURS): <http://www.burs.org.bw>



Tourism (TRA, HTL) – Leading Sector #3

Overview

[Return to top](#)

	2010 (est)	2011(est)	2012 (estimated)
Total Market Size	\$ 1.9 billion	\$ 2.1 billion	\$ 2.4 billion

Data is estimated at an average exchange rate of P1 = \$ 0.149

Note: Statistics are unofficial estimates

The tourism sector has potential for growth. Tourist arrivals have hovered around 1.5 million visitors but with modest increases; total tourist expenditures were \$426 million. The government of Botswana is committed to growing the sector.

The government is looking to diversify Botswana's source markets and to increase the participation of the private sector in the growth of the tourism industry. There is need for Botswana to broaden the tourism base by adding more product components and increasing the geographic spread of tourism. Providing quality service remains the main challenge.

The government encourages new investments and joint ventures in tourism and continues to play a major role in the development of tourism projects. New hotels and conference facilities such as the Phakalane resort, Mondior, Metcourt, Gaborone International Conference Centre, Falcon Crest etc, have opened in the past few years, increasing the country's ability to host international conferences and events. The government continues to upgrade infrastructure in wildlife-protected areas. About 11 new lodge sites have been awarded within four of the largest National Parks.

Observers have commented that there is still need for a large, high-quality hotel and conference facility in Gaborone, as the city's current hotels are relatively small and frequently booked to capacity. A luxury hotel property in Gaborone could also cater to business travelers visiting the Diamond Trading Center (DTC) and its sightholders.

The Botswana Tourism Organization (BTO) is responsible for all operational functions of the tourism sector such as marketing, investment promotion, and grading of tourism facilities to international standards.

Sub-Sector Best Prospects

[Return to top](#)

Eco-Tourism, hotels, lodges and restaurants.

Opportunities

[Return to top](#)

Joint ventures are being sought for hotel expansions and start-ups along the Trans-Kgalagadi Highway joining Botswana and Namibia and development of lodges in

Kgalagadi Transfrontier Park, Central Kalahari Game reserve, Makgadikgadi Pans National Park and Chobe National Park.

If successful, a proposed trans-frontier conservation area, commonly referred to as the Limpopo/Shashe Trans-frontier Conservation Area, would be a unique partnership between the Governments of Botswana, South Africa, and Zimbabwe, the private sector, and the local communities, and would create new opportunities for eco-tourism.

Web Resources

[Return to top](#)

Ministry of Environment, Wildlife and Tourism: <http://www.mewt.gov.bw/>

Hospitality & Tourism Association of Botswana: <http://www.hatab.bw/>

The Tourist (Botswana Tourism Magazine): TheTourist@botsnet.bw

Botswana Tourism Organization: www.botswanatourism.co.bw

Ministry of Trade and Industry: www.mti.gov.bw

Telecommunications (TES, TEL) – Leading Sector #4

Overview

[Return to top](#)

	2010	2011	2012
Total Market Size	\$ 718 million	\$ 854 million	\$ 1 billion

Data is estimated at an average exchange rate of P1 = \$ 0.149

Note: Statistics are unofficial estimates.

Botswana has a fairly well-developed telecommunications system. The Botswana Telecommunications Corporation (BTC) provides landline services and competes with cellular consortiums Mascom Wireless, BeMobile, and Orange for cellular service. A comprehensive market study undertaken by the Botswana Telecommunications Authority (BTA) in 2009 identified that the mobile market was performing well with especially strong penetration and coverage. In 2009 alone, the mobile phone market grew by 26 percent.

Currently only five percent of Botswana's population has internet access. This will change in the medium term as internet access via mobile devices expands. However, internet-over-mobile growth will depend on the willingness of BTC to revise its price structure and the level of control BTC chooses to exercise over switches connecting the national backbone with international undersea cables. Should BTC allow cellular providers cheap access to these critical internet points of entry, cellular internet access charges are likely to decrease as speed and reliability improve.

DSL service provided by BTC is expensive though reliable. Dedicated bandwidth, essential for some businesses, is especially expensive. The Botswana Telecommunications Authority recently ordered the BTC to reduce some of its prices but it is not clear whether this reduction would affect the cost of dedicated bandwidth.

There are no restrictions on the provision of VoIP by value-added network service providers. The Ministry of Communications, Science, and Technology has the authority to issue licenses for telecom services including mobile telephones, data communications, payphones, sale of telecommunications equipment, and internet services. No restrictions apply to foreign partnerships in mobile services.

The government recently committed to sell up to 49 percent of its shares in the Botswana Telecommunications Corporation through an initial public offering on the Botswana Stock Exchange; the government would retain the remaining 51 percent. The IPO is expected by the end of 2011.

The government has invested \$38 million into the development of the West Africa Cable System undersea cable connecting southern and western African countries to the United Kingdom via Portugal. The cable is expected to be completed by 2012.

Sub-Sector Best Prospects

[Return to top](#)

Communications services, including Internet service provision, and telecommunications equipment and software.

Opportunities

[Return to top](#)

In addition to the expected services opportunities that will be generated through liberalization, the BTC has embarked on a program to upgrade the country's telecommunications infrastructure, and government tenders for the supply of equipment and services are often issued. See the BTC tenders page for additional information: <http://www.btc.bw/tenders.html>. The U.S. exports more electronic products to Botswana than any other commodity or product apart from mining equipment. In 2009, U.S. electronic exports to Botswana stood at approximately \$7.5 million.

Web Resources

[Return to top](#)

Botswana Telecommunications Corporation: www.btc.bw

BTC Tenders - <http://www.btc.bw/tenders.html>

Botswana Telecommunications Authority: <http://www.bta.org.bw/>

Ministry of Communications, Science and Technology: www.gov.bw

Ministry of Trade and Industry: www.mti.gov.bw

Botswana Unified Revenue Service: <http://www.burs.org.bw>

Energy (OGS, OGM, REQ) – Leading Sector #5

Overview

[Return to top](#)

	2010 (est)	2011(est)	2012 (estimated)
Total Market Size	\$370 million	\$381 million	\$ 392 million

-Data is estimated at an average exchange rate of P1 = \$ 0.149

-Note: Statistics are unofficial estimates.

-Statistics represent both Energy and Water sector economic activity.

Botswana imports about 80 percent of its electricity from neighboring countries, principally South Africa. Faced with increasing demand, decreasing supply from South Africa, and rate hikes, Botswana has sought to expand its domestic energy production. It has invested \$1 billion in the 600 megawatt Morupule “B” coal-fired power station, having selected a Chinese firm to build the plant.

The government also had plans to build an additional large plant at Mmamabula which would allow it to become a net exporter of electricity to South Africa, but CIC Energy, the coal extraction license holder which was set to develop the plant was recently bought out by an Indian firm which is likely to simply extract the coal and ship it for processing elsewhere.

Government-owned Botswana Power Corporation (BPC) is extending the provision of electricity to rural villages. Currently access to electricity in Botswana is 56 percent of the population and the target is to reach 80 percent by 2016.

Botswana has abundant renewable energy resources, mainly in the form of solar energy, which is underutilized. BPC Lesedi, a BPC subsidiary, has plans to outfit 50,000 off-grid rural residences with solar home systems, efficient wood stoves and rechargeable lanterns. Forty-five percent of BPC Lesedi is owned by Electricite de France.

The Government has developed the National Rural Photo-Voltaic Electrification Program (<http://www.mmewr.gov.bw/>) to assist communities with loans repayable over four years to purchase and install quality photo-voltaic (PV) systems for household use. The program is scheduled to run from 2003 until 2012. The demand for solar energy equipment including PV components is expected to continue to rise.

The government is considering authorizing a feed-in tariff regime which would allow independent electricity suppliers to provide power to Botswana’s grid at premium rates. This would create opportunities for small-scale solar companies and solar manufacturers and distributors, but no plans have yet been laid to implement such a system.

Sub-Sector Best Prospects

[Return to top](#)

Energy equipment, solar heating systems, engineering services.

Opportunities

[Return to top](#)

The Kalahari Gas Corporation, a private joint venture U.S.-Botswana energy company, has discovered substantial natural gas reserves in northeast Botswana. Once fully developed over the next couple of years, the natural gas deposits could generate substantial downstream opportunities for new natural gas intensive equipment and services.

The Botswana Power Corporation has awarded a 250 MW tender to Karoo Sustainable Energy (KSE) for a coal methane production project. The power generation is set to be done at two separate sites, one at Orapa for 90 MW and another at Mmashoro for 180 MW. KSE, which would be the first non-governmental power producer in the country, is currently in the final stages of concluding the legal arrangement with the government. The Chief Executive Officer of KSE is a U.S. citizen.

Finally, the Government has stated its interest in inviting private sector investment to participate in the construction of a briquette manufacturing plant in Morupule, where its existing power plant is located.

Web Resources

[Return to top](#)

Ministry of Minerals, Energy and Water Resources: <http://www.mmewr.gov.bw/>)

Botswana Export Development & Investment Authority: www.bedia.co.bw

Botswana Power Corporation (BPC): www.bpc.bw

BPC Tenders: <http://www.bpc.bw/tenders.htm>

Ministry of Trade and Industry: www.mti.gov.bw

Botswana Unified Revenue Service: www.burs.org.bw

Health Care Industry (HCS, MED) – Leading Sector #6

Overview

[Return to top](#)

	2010 (est)	2011(est)	2012(estimated)
Total Market Size	\$687 million	\$831 million	\$1 billion

Data is estimated at an average exchange rate of P1 = \$ 0.149

Note: Statistics are unofficial estimates.

– No market size information specific to the health care industry is available. The figures above represent the Bank of Botswana’s estimates for “social and personal services” generally. Thus, they overestimate the market size for health care.

Botswana is facing major challenges in addressing health threats such as HIV/AIDS, malaria, and tuberculosis. To improve service delivery, the government has attached high priority to human resources development. The government also seeks to improve health care infrastructure and provide and upgrade medical and surgical equipment. Currently there is no pharmaceutical production capacity in Botswana.

For fiscal year 2011/12, the government plans to allocate about \$104 million of the development budget to combating HIV/AIDS. Over the past several years, in part due to generous financial assistance from the United States under the President’s Emergency Plan for AIDS Relief (PEPFAR), Botswana has made strong progress in its HIV response. Health sector improvements include the upgrading and constructing health facilities and improving procurement and distribution of drugs introducing telemedicine. Botswana’s Ministry of Health is planning a series of hospital infrastructure improvements and equipment upgrades, including improvements to several district medical facilities. Due to shortages of trained healthcare professionals, the government may seek to outsource several health services.

A state-of-the-art 200-bed private hospital which opened in 2010 and is operated by a US-based management company, Bokomoso, declared bankruptcy and was placed under court sequestration in February 2011. It is expected to be significantly restructured by the court. The problems leading to the bankruptcy appear to be somewhat particularized but investors are advised to proceed with caution in major health care services projects.

Sub-Sector Best Prospects

[Return to top](#)

Pharmaceuticals, construction, supply of drugs for treatment of HIV/AIDS and related infections, medical and surgical equipment, healthcare services

Opportunities

[Return to top](#)

Infrastructure improvements and equipment upgrades at several hospitals and medical facilities are planned as part of the government's infrastructure development plans. The government also intends to develop a local pharmaceutical production capacity. Some international companies have shown interest in expanding regional production capacity by opening facilities in Botswana.

Web Resources

[Return to top](#)

Ministry of Health: www.moh.gov.bw/

Ministry of Trade and Industry: www.mti.gov.bw/

Botswana Unified Revenue Service: <http://www.burs.org.bw/>

President's Emergency Fund for AIDS Relief (PEPFAR) <http://www.pepfar.gov/>

Textile and Apparel (TXP, TXF, TXM) – Leading Sector #7

Overview

[Return to top](#)

	2010	2011(est)	2012 (estimated)
Total Local Production			
Total Exports to the U.S.	\$9.73 million	\$12 million	\$ 12 million
Total AGOA Exports to the U.S.	\$9.72 million	\$10.5 million	\$10.5 million
Imports from the U.S.	\$.18 million	\$.90 million	\$.90 million

Source: USITC

Botswana's entitlement to duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA) prompted several textile firms to set up operations in Botswana, but the textile industry has not been able to take full advantage of AGOA. Many of the startups closed over the last several years and there are currently no companies exporting textiles under the incentive scheme.

The textile industry as a whole in Botswana has found it increasingly difficult to compete with low cost producers elsewhere. To promote manufacturing and exports of textiles, the government has extended emergency support to some thirty-five textile companies employing roughly 2,600 citizens. The beneficiaries received workers' subsidies and loan guarantees for capital costs and plant upgrading.

While there is little U.S.-manufactured textile and apparel product export potential for U.S. firms, the sector remains viable for the sale of equipment and fabrics necessary for production.

Sub-Sector Best Prospects

[Return to top](#)

Fabrics, manufacturing equipment, textiles, and apparel.

Opportunities

[Return to top](#)

The Botswana government continues to support the textile and apparel industry. With more concerted effort to address non-tariff regional trade barriers, the industry has growth potential for regional exports. Once companies achieve volume by exporting regionally, they may be able to take better advantage of AGOA. Under AGOA, Botswana is categorized as a least-developed country and is eligible to source its fabrics from third countries.

Resources

[Return to top](#)

Southern Africa Global Competitiveness Hub: www.satradehub.org

AGOA: www.agoa.gov

Ministry of Trade and Industry: www.mti.gov.bw

Botswana Unified Revenue Service: <http://www.burs.org.bw>

Agricultural Sector (AGS, AGM)[Return to top](#)**Overview**[Return to top](#)

	2010	2011(est)	2012(estimated)
Total Market Size	\$ 577.56 million	\$ 872.12 million	\$ 1,.3 billion
Total Exports	\$ 0.0 million	\$ 0.00 million	\$ 0.00 million
Imports from the U.S.	\$0.28 million	\$ 0.28 million	\$.28 million

Note: Statistics are unofficial estimates Source: Budget Speech 2010, USITC

Although Agriculture's share of GDP currently stands at only three percent, it has strong growth potential. Over the four quarters ending September 2010, Agriculture grew by 40 percent. Large scale government projects to commercialize agriculture may provide needed growth and present opportunities for U.S. investors and exporters. In addition to being the source of livelihood for most citizens of Botswana, the sector also supplies raw materials for agro-based industries such as meat processing, tanning, milling, oil, soap and brewing.

Botswana is a net importer of food and agricultural products. Solid data on agricultural production and commodity-specific trade are scarce. However, rough figures on the country's self-sufficiency in various agricultural sectors provide a glimpse of the opportunities that may exist for U.S. agricultural products. For major cereals, Botswana produces 40 percent of the national demand and another 40 percent for fruits and vegetables. The domestic production for raw milk during 2009/10 was 6.8 million liters which accounts for 25 percent of total demand and includes fluid milk and milk powder. Botswana produces almost all of its poultry requirements and is a net exporter of beef, exporting some 90 percent of production, mainly of chilled and frozen beef to the European Union and South Africa.

Botswana's large-scale livestock sub-sector provides the bulk of the nation's agricultural output, and the beef industry is well established. Livestock and cattle raising and grazing is by far the primary agricultural product and export. It is estimated that livestock production, especially cattle, contributes 80 percent to the agricultural GDP share. In recent years the cattle population has fluctuated between 2.5 and 3 million. Livestock production exceeds domestic needs, and the country has exported range-fed beef to the European Union. The development of a modern cattle farming and slaughter industry (and the corresponding development of a market for U.S. feed stocks, ingredients and technology) is stifled by the government's ownership and monopoly of meat processing plants, exports, and livestock prices.

The crop sub-sector is dominated by the growth of cereals, principally sorghum. The government seeks to expand both rain-fed and irrigated farming, and has identified horticulture as having significant potential for diversifying agricultural production. The Ministry of Agriculture's policy is to facilitate sustainable agricultural diversification by

widening the range of products, promoting value-added agricultural resources and improving marketing arrangements.

Botswana consumes about 4,000 tons of fish per year and out of this quantity, only 300 tons is produced locally and the rest of the 3,700 tons is imported from neighboring countries. Efforts to augment fish production through aquaculture, such as the construction of fish hatcheries to supply fish seed to over-fished reservoirs are being explored and may provide a niche market for incoming investors.

The Ministry of Agriculture has prepared a National Master Plan for Agricultural and Dairy Development (NAMPAAADD), which is used to guide public investments in the sector. The Botswana government has identified the agricultural sector as one of the areas that has potential to diversify the economy and create employment. It's Agriculture Hub – a Presidential initiative to develop the sector – aims to act as the catalyst for the commercialization of the agricultural sector.

The government is making efforts towards increasing access to land by potential investors and currently about sixteen state farms have been leased to both local and foreign investors to further encourage commercialization.

The Ministry of Agriculture has identified vegetable production as a priority area with potential for development in Botswana. It is estimated that local horticultural production accounts for only twenty percent of the national demand and the rest of the requirement is met from imports. In 2009 Botswana's horticulture imports stood at \$2.9 million.

The African Development bank has funded the Pandamatenga Agricultural Infrastructure Project with a loan of US\$ 60 million. The funds will be used to develop an appropriate water control and drainage system for the Pandamatenga farms. The Pandamatenga area already contributes about eighty percent of the cereal produced locally and ten percent of cereal consumed locally. According to the Ministry of Agriculture, the project will contribute to national food security increasing the total crop production to 20 percent by 2016. It will also support the government's plan for increased zonal agricultural production and productivity enhancement.

USDA's Foreign Agricultural Service in Pretoria prepares more than 50 reports each year on the agricultural situation by commodity sector in South Africa. Some reports highlight opportunities for U.S. farm exports. For U.S. exporters of agricultural products, it may be useful to start with the Exporter Guide for South Africa at <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

For other sector reports please look at "Attaché reports" off the main FAS website: www.fas.usda.gov

If you are an exporter of U.S. agricultural products, please feel free to contact the Foreign Agricultural Service for further information at the following address:

Foreign Agricultural Service
U.S. Embassy Pretoria, South Africa
Tel: +27-12-431 4235
Fax: +27-12-342 2264
Email: agpretoria@fas.usda.gov

USAID's Southern Africa Trade Hub, a regional USAID project managed from Gaborone, has an agricultural expert on staff should you wish further information about agricultural developments in Botswana and the region.

Sub-Sector Best Prospects

[Return to top](#)

Grains, dairy farming, pet foods, health foods, food service, ostrich farming and processing, leather, fish farming, and veldt products.

Opportunities

[Return to top](#)

Over the next five years, the government hopes to attract private sector investment in tanneries countrywide for the export of processed hides and skins, establish a poultry hatchery, breeder stock and poultry abattoirs, and pig feed production and breeder stock.

The Zambezi Agro-Commercial Development Project in the north of the country will develop agricultural production on a large commercial scale as well as infrastructure. In addition to job creation, this project intends to encourage private investment in the agricultural industry.

There is considerable potential for the development of entrepreneurial fish farming. Currently it is not conducted on a commercial scale and is confined mainly to the Chobe River and Okavango Delta.

Web Resources

[Return to top](#)

Ministry of Agriculture: <http://www.moa.gov.bw/>

U.S. Foreign Agricultural Service: www.fas.usda.gov

Ministry of Trade and Industry: <http://www.mti.gov.bw/>

Botswana Unified Revenue Service: <http://www.burs.org.bw>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

In general, goods imported into Botswana from outside the Southern African Customs Union - SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland) attract customs duties at rates outlined in the Customs Tariff Book. Customs duties are paid against a prescribed "form SAD 500", which is a declaration form, formally known as a bill of entry. A tariff book and goods codebook is available for sale at all regional Customs and Excise offices. It is not currently available via the internet.

The Southern African Development Community (SADC) is an inter-governmental organization that promotes socio-economic cooperation and integration and political and security cooperation among the fifteen member states. The SADC Free Trade Area (FTA) was launched in August 2008. The FTA is not yet in force and SADC members are reducing their tariffs at different rates. SADC intends to complete the tariff phase-down by 2012. This will allow for free movement of goods and services produced within the region, but each member state will still have its own external tariff to non-member states of SADC.

Trade Barriers

[Return to top](#)

Apart from restrictions on licensing for some business operations, which are reserved for Botswana companies (see Chapter 6), there are few tariff based barriers to trade with Botswana. Importers will be required to obtain an import permit from the relevant Ministry or Department.

Import Requirements and Documentation

[Return to top](#)

With the exception of Malawi, import permits are required for goods entering Botswana directly from outside the SACU and are obtainable from the Department of International Trade, in the Ministry of Trade and Industry. The import permits are not transferable. Permits are usually granted upon request, and Botswana's abolition of foreign exchange controls in February 1999 means there is no difficulty in obtaining sufficient foreign currency to cover transactions.

All imported goods are subject to VAT at a rate of 12%. Goods exported from Botswana are not subject to VAT. The SAD 500 is the only form required for external trade.

Many shippers report excessive delays in shipping times across SADC borders, with significant economic impacts. Although work has been done to improve transit procedures and simplify bonding requirements, progress is slow.

U.S. Export Controls

[Return to top](#)

Relatively few exports require an export license. Licenses are required in certain situations involving national security, foreign policy, short-supply, nuclear non-proliferation, missile technology, chemical and biological weapons, regional stability, crime control, or terrorist concerns. License requirements are dependent upon an item's technical characteristics, the destination, the end-use, and other activities of the end-user. For information related to U.S. Export controls, please visit the U.S. Department of Commerce's website at <http://www.export.gov/exportcontrols.html>.

Temporary Entry

[Return to top](#)

Equipment that is imported on a temporary basis for a given project is eligible for a general tariff rebate. All equipment warranty and non-warranty, and parts thereof imported on a temporary basis should be imported under a bond, the amount of which is equivalent to customs duties and/or the applicable VAT. The bond is valid for a limited period only, as follows: equipment attracting VAT is covered by a three (3) months bond while equipment attracting customs duties is covered by a six (6) months bond. Applicable customs duties and/or VAT become due and payable once the bond period expires, and the bond will be called to suit as customs duties and/or VAT. A bond form can be collected from the headquarters of the Botswana Unified Revenue Service and lodged with any recognized commercial bank or insurance company in Botswana.

Labeling and Marking Requirements

[Return to top](#)

There are specific requirements for providing information regarding preparation of goods. Law and policy prohibit the use of information that would mislead purchasers. This is applicable to pre-packaged goods that are to be delivered as such to the ultimate consumer. It also affects foods supplied to restaurants, hospitals, etc. The Botswana Bureau of Standards conducts periodic inspections to verify compliance with this compulsory standard specification.

Prohibited and Restricted Imports

[Return to top](#)

Prohibited imports include habit-forming drugs and obscene literature (pornographic magazines and videotapes). Importation of certain agricultural products and plants requires approval from the Ministry of Agriculture before obtaining the import permit from the Department of Trade and Consumer Affairs. Imports of fresh pork and beef are banned; import permits are granted only on processed pork products. Poultry imports are permitted only when there is a domestic market deficit. Imports of some vegetables, meat, and dairy products are seasonally banned.

Customs Contact Information

[Return to top](#)

Botswana Unified Revenue Service
website: <http://www.burs.org.bw>

Commissioner Customs & Excise: Mr. K. Morris Tel: +267 363 9503 Fax: +267 3163955.
Fax: +267 395 1918, kmorris@burs.org.bw

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)

Overview

[Return to top](#)

The Botswana Bureau of Standards (BOBS – www.bobs.co.bw) is a parastatal organization that develops and implements national Botswana standards. Separate government ministries, parastatals, and private companies can develop standards specifically for their own institutions, however, only BOBS is recognized by the International Organization for Standardization (ISO) and has the authority to create national standards. The procedures used in the development of standards comply with the World Trade Organization's code of good practice for the development of standards.

Botswana's standards regime consists of compulsory and voluntary standards. Compulsory standards affect human health, safety, environment or export, which BOBS monitors to ensure compliance. BOBS enforces compulsory standards on seven products: petroleum gas, poultry feed, pre-packaged goods for consumers, cereals/sorghum grains for consumption, cattle feeds, garments, and drinking water. Voluntary standards are not binding or legally required, but compliance may increase product competitiveness.

Altogether, there are more than 600 Botswana standards that have been published for different sectors in Botswana. A standards catalogue is now available to the public at the BOBS Information Department. Any foreign entity or company that is accredited in its home country is allowed to certify products in Botswana. Thus, there are many conformity assessment bodies in country.

Standards Organizations

[Return to top](#)

BOBS is the sole organization that develops national standards, and it has an annual plan of standards. The National Food Control Board is the only other organization in Botswana that develops an annual plan. BOBS sends its plan annually to the ISO.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

Botswana has no national testing organization or conformity assessment body. The government-created National Testing System (NTS) is made up of all government, private, and parastatal laboratories. Through a Memorandum of Agreement with BOBS, these laboratories do testing for the Government whenever it is needed. Whenever BOBS receives a request for testing or calibration, the request is passed on to a relevant laboratory. However, according to the Director of Standards BOBS, has well-equipped laboratories and continues to equip others to carry out testing, though they still send some requests outside the country.

Product Certification

[Return to top](#)

Any public or private body whose product satisfies all the requirements of a Botswana product standard can apply to BOBS for the product to be certified. Samples of the product are then tested to verify its conformance to the requirements of the product standard, and if the results are acceptable, the product can then obtain the BOBS certification mark.

There are benefits to product certification. The construction industry is one of the major users of standards in Botswana. The government has insisted that materials and products for construction must be BOBS-certified. No waivers are available for compulsory standards.

Botswana has no mutual recognition agreements (MRA's) on standards with U.S. organizations.

Accreditation

[Return to top](#)

The Government requires accreditation for each sector but has no national accreditation body. Laboratory reports are sent to the accreditation boards in South Africa, Mauritius, or the United Kingdom. The SADC countries established a regional accreditation organization called the Southern African Development Committee for Accreditation Services (SADCAS).

Publication of Technical Regulations

[Return to top](#)

The Government Gazette publishes proposed and final regulations. There are two ways that an interested party can comment on proposed regulations. The 1995 Standards Act stipulates that for two months prior to standardizing a product, BOBS must publish a preliminary notice of the proposed standard in the Gazette and circulate it among countries that participate in trade of the particular product, or are affected by the

standard. An interested party is able to comment or send an objection to BOBS during this period. Also, before requiring a government ministry to place a compulsory standard on a product, BOBS notifies the public of its intent. At that point, before a recommendation becomes a technical regulation, interested parties are able to comment. In the future, BOBS is considering sending each of its draft compulsory standards to all WTO members.

Labeling and Marking

[Return to top](#)

There are specific requirements for providing information regarding preparation of goods. Law and policy prohibit the use of information that would mislead purchasers. This is applicable to prepackaged goods that are to be delivered as such to the ultimate consumer. It also affects foods supplied to restaurants, hospitals, etc. The BOBS conducts periodic inspections to verify compliance with this compulsory standard specification.

Trade Agreements

[Return to top](#)

Recognizing the problems that its small domestic market ultimately poses for investors, Botswana continues to promote trade by pursuing free trade agreements with its neighbors as well as other developed and developing countries.

Southern African Customs Union (SACU)

Botswana is a member of SACU along with South Africa, Lesotho, Namibia, and Swaziland. SACU comprises a duty free trading area with a common external tariff. With the exception of certain foodstuffs, import permits are not required for goods entering Botswana from other SACU members. Botswana's membership in SACU allows investors to take advantage of selling duty free in the far larger South African market. The SACU Secretariat based in Namibia is responsible for implementing the SACU Agreement as well as improving economic performance of the union's member states.

SACU members signed a new Agreement in 2002. The new SACU Agreement provides that SACU countries can negotiate new Free Trade Area agreements with third parties as a bloc. The new agreements will certainly open new and wider market opportunities for Botswana goods and services. The SACU Agreement is one of the oldest in the world having come into force in 1910.

U.S.-SACU Free Trade Agreement negotiations were suspended in April 2006, largely due to divergent views on the scope for the agreement. Instead of a free trade agreement, the United States and SACU negotiated a Trade, Investment, and Development Cooperation Agreement (TIDCA) that would establish a forum for consultative discussions on a wide range of trade and investment issues. A Consultative Group will oversee the implementation of the TIDCA, and provide a framework for working on a range of interim-trade-related agreements, cooperative programs, and other trade development steps that would set the platform for future free trade agreement negotiations.

Southern African Development Community (SADC) Free Trade Protocol

The Southern African Development Community's (SADC) objective is to pursue a common integration plan based on economic, political and trade interests. The SADC Free Trade Area (FTA), though in place, is not yet implemented. In August 2008, Botswana was one of the twelve SADC members to sign the FTA. Angola and the Democratic Republic of Congo are yet to sign. Under the SADC FTA, tariffs and non-tariff barriers will be eliminated on substantially all trade between the members. The implementation of the FTA started in 2000 following the signing of the SADC Trade Protocol. Through the FTA, 85 percent of trade in goods produced in the region will move across borders free of customs duties.

Trade liberalization has taken place at different rates. The more developed member states (South Africa, Namibia, Botswana, Swaziland and Lesotho) have reduced the tariffs at a faster rate. Tariff reductions for least developed countries (Zimbabwe and Mozambique) have been introduced between 2007 / 2008. These gradual reductions are referred to as tariff phase-downs. The remaining tariff lines are scheduled to be almost completely phased out by 2012. The Protocol on Trade commits members to phase out existing tariffs, harmonize trade procedures and documentation within SADC and reduce other barriers to trade. In addition to the FTA, SADC has adopted milestones to facilitate the attainment of the Customs Union in 2012, a Common Market by 2015, a Monetary Union by 2016 and a Single Currency by 2018.

World Trade Organization

Following its accession to the General Agreement on Tariffs and Trade (GATT), Botswana became a member of the World Trade Organization (WTO) in 1995.

SADC – EU Economic Partnership Agreement

Botswana has signed an interim Economic Partnership Agreement (EPA) with the European Union (EU). The EPA provides duty and quota free access on goods to the EU markets. Negotiations need to be completed on the treatment of services and new generation issues.

China and India

Botswana, as part of SACU, launched free trade negotiations with both China and India. SACU is now in a position to finalize the Preferential Trade Agreement (PTA) with India in 2011. The negotiating parties have exchanged lists of goods that would benefit from lower tariffs if the parties finally agree on a PTA. The PTA is a crucial market as India is a large market.

Mercosur

SACU signed a Preferential Trade Agreement (PTA) on the 16th of December 2004 with the South American customs union known as Mercosur, comprising: Argentina; Brazil; Paraguay; and Uruguay. The agreement creates the legal framework for improved trade relations between SACU and Mercosur as well as serving as a first step toward the creation of a free trade area between the two regions.

African Growth and Opportunity Act

Botswana is a beneficiary of the U.S. African Growth and Opportunity Act, which expands the Generalized System of Preferences and remains in effect until 2015 with the passage of the 2004 AGOA Acceleration Act. Under AGOA, more than 6,500 product categories of goods are granted duty and quota free access to the U.S. market. More information about AGOA is available on the Internet at www.agoa.gov and from the Southern Africa Global Competitiveness Hub, located in Gaborone, on its website at www.satradehub.org.

Web Resources

[Return to top](#)

Ministry of Trade and Industry: <http://www.mti.gov.bw/>

AGOA: www.agoa.gov

Southern Africa Trade Hub: www.satradehub.org

Botswana International Financial Services Center: <http://www.ifsc.co.bw/>

Botswana Bureau of Standards: <http://www.bobstandards.bw/>

Southern African Development Community: <http://www.sadc.int>

World Trade Organization: www.wto.org

Botswana Unified Revenue Service: <http://www.burs.org.bw/>

U.S. Export controls: <http://www.export.gov/exportcontrols.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from state-owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

Botswana presents an open posture toward foreign investment. Botswana's ranking on the annual World Bank/IFC Doing Business report was 52 out of 183 countries globally. Its score compared favorably to all other African countries except South Africa (ranked 34) and Mauritius (ranked 20).

In 2010, Moodys' credit rating agency downgraded Botswana's rating from an "A" grade to an "A-" but also revised its overall outlook from "negative" to "stable". Botswana remains one of the best credit risks in Africa and is on par with many countries in central Europe, East Asia, and Latin America.

Botswana has enjoyed one of the fastest growth rates in per capita income in the world since independence, although it has slowed considerably due to the global economic downturn. Economic growth averaged 9% per year from 1967-2006, but slowed during 2007 and 2008 to only 3% before expanding to 3.7% in 2009 and 7.9% in 2010 (Bank of Botswana estimate). By maintaining a sound fiscal policy and low levels of foreign debt, Botswana approached the economic crisis from a position of strength. Foreign exchange reserves were estimated to be a healthy \$8.4 billion in October 2010, representing approximately 19 months' cover of imports of goods and services. The IMF projects that real GDP growth will average about 6 percent over the medium term as diamond production gradually recovers to pre-crisis levels.

Overall, Botswana's impressive economic record has been built on the foundation of using revenue generated from diamond mining to fuel economic development through prudent fiscal policies. However, with the prospect of somewhat lower revenues over the medium-term, Botswana's government will have to find ways to increase the value for money of public spending programs, and it is widely acknowledged that if growth is to be led by the private sector, structural reforms to encourage greater entrepreneurship and investment will be essential.

Botswana's per capita income of roughly USD 14,800 (2010 IMF estimate) makes it a middle-income developing country. Transparency International ranked Botswana in 2010 as Africa's least corrupt country and 33rd overall, ahead of many European and Asian countries. In the 2010 Economic Freedom of the World report, Botswana was ranked 28th overall and second highest in Africa. The Heritage Foundation's 2010 Index of Economic Freedom ranked Botswana at 28th, making it second out of 46 countries in sub-Saharan Africa.

The Government of Botswana has made strong efforts to maintain a sustainable budget by managing expenditures and diversifying revenue sources. Its policy has been to keep total public expenditure at no more than 40 percent of GDP, deficits at a maximum of 3 percent of GDP and development related expenditure at 30 percent of the total budget. Despite these achievements, a 2010 IMF report cautioned Botswana that its civil service is too large and is competing with the private sector to attract highly skilled workers. More efficient public spending at lower levels will be necessary to ensure fiscal sustainability as the country recovers from the recession.

Overall, the Botswana government has made good efforts to attract foreign investors, though some regulatory barriers remain. It has launched initiatives to promote economic activity and foreign investment in specific areas, including the establishment of "hubs" for agriculture, innovation, diamonds, education, health and transport. It has abolished all foreign exchange controls and instituted low corporate tax rates (15% for manufacturing enterprises). In general, the country's transport and telecommunications infrastructure is excellent, though internet access is still relatively expensive and slow. The government makes grants available to investors who partner with citizens and will extend credit to any investor meeting certain criteria.

The Botswana Export Development and Investment Authority (BEDIA) serves as the main point of contact for foreign investors. BEDIA will attempt to ensure that investors – in particular, those seeking to establish export-oriented manufacturing enterprises and interested in investing in selected services – obtain all the clearances, residence permits, work permits, factory space, and land they need with minimal delays. After company start up, BEDIA continues to provide services addressing any problems encountered. BEDIA would welcome investment from the United States and is eager to work with established businesses seeking to expand their operations into Botswana.

Botswana seeks to diversify the economy away from diamonds into goods such as pharmaceuticals, textiles, clothing, and leather products, as well as services such as tourism, financial products, business process outsourcing, and research. Requests for investor support from BEDIA and other agencies by investors will be viewed with an eye to the extent to which the proposed project assists in the government's diversification efforts, contributes to the growth of a priority sectors showing high growth potential, and provides employment and training to Botswana citizens. Foreign investors are also

encouraged to transfer technology to Botswana and skills to Botswana citizens with a view to preparing them for promotion into management positions.

Foreigners wishing to invest in Botswana are required to register their enterprise under the Companies Act and are likely to be required to obtain a license given current Trade Act enforcement trends. Recently, Botswana's performance on the "Starting a Business" indicator in the World Bank's Doing Business 2011 report declined due to the fact that Botswana has been somewhat slow to streamline procedures required to start a business while other countries have bolstered their ranking by cutting red tape in this area. At 61 days, the time needed to start a business in Botswana is long by international standards. Observers note that this could be corrected by allowing fully on-line company registration and the legalization of electronic signatures, which the government is considering.

A license is required to operate a variety of businesses in Botswana. These include banking, non-bank financial services, transportation, medical services, mining, energy provision, and the sale of alcohol. Botswana's license requirements for these businesses are justified on public interest grounds and are consistent with international best practice.

On the other hand, Botswana's trade license requirement under the Trade Act of 2008 has been criticized as being overly subjective, not based on identified public interest criteria, and used to raise revenues and enforce other laws. Unfortunately, through its "miscellaneous trade or business" category, the Trade Act effectively extends the license requirement to all businesses not already specifically covered by other law or regulation. Thus, a clothing store which obtained a license to sell clothes, which now seeks to sell a range of goods such as kitchen appliances, sweets, or airtime, can be fined for selling items outside the scope of its license.

The Trade Act also states that work and residence permits are required prior to the grant of a license, but immigration authorities have been known to refuse to issue such permits prior to a business license being issued, putting some investors in a "Catch 22".

The government's trade licensing regulatory scheme is currently under review.

Botswana also reserves some business sectors solely for citizen participation. The law limits engagement in certain trades or businesses to citizens of Botswana, including butcheries, general trading establishments, gas stations, liquor stores, supermarkets (excluding chain stores) bars (other than those related to hotels), certain types of restaurants, boutiques, auctioneers, car washes, domestic cleaning services, curio shops, fresh produce vendors, funeral homes, hairdressers, various types of rental/hire services, laundromats, specific types of government construction projects under a certain dollar amount, certain activities related to road and railway construction and maintenance, and certain types of manufacturing activities including the production of furniture for schools, welding, and bricklaying. For a more detailed list of economic activities limited to citizens, please contact the U.S. Embassy in Gaborone.

The Ministry of Trade and Industry, which administers the citizen participation initiative, has taken an expansive interpretation of "chain stores" to mean any store with more than one outlet and has allowed the exemption to apply to supermarkets, simple specialty operations, and general trading stores. Hence, large general merchandise markets,

restaurants, and the dominant grocery network, all of which are owned by foreigners, operate without restriction. Foreign investors are permitted to participate in all other sectors.

Foreign investors are given equal access to investment incentive schemes (grants and loans) for medium and large projects provided they partner with a citizen of Botswana. Foreign investors do not have access to government loans and grants designed specifically for citizen-owned contracting firms or for small enterprises, defined as those involving investments of less than Pula 75,000 (roughly USD 10,710).

The government is moving towards privatizing a number of state-owned businesses. As part of this effort, it has established the Public Enterprise Evaluation and Privatization Agency (PEEPA). PEEPA will ultimately set policies affecting the extent of foreign participation in privatizing entities. The government would like to use privatization to increase foreign direct investment in the country, though there are significant concerns in government circles that the political costs of privatization are high, e.g., extensive job losses. This accounts for the controversy and delay surrounding the privatization effort.

Privatization efforts initially focused on the national airline, Air Botswana. After more than 10 years of effort and multiple attempts to reach agreement with strategic partners, the airline has still not been privatized. The planned privatization of six other state organizations, including the Botswana Telecommunications Corporation (BTC) and the National Development Bank (NDB), is behind schedule. BTC's privatization is an advanced stage.

The ability of PEEPA to manage the privatization of state-owned enterprises is hampered by the fact that there is no privatization implementing legislation. As a result the decision for privatizing particular parastatals remains with the relevant ministry or department which has the discretion to advance privatization at the pace and with the vigor of their choosing.

Botswana has developed anti-trust legislation and policies to ensure appropriate competition in the business environment. The law will be administered by the Competition Authority which is expected to begin operations in 2011. Botswana has also developed legislation to create a simplified and clarified legal framework for incorporation.

Conversion and Transfer Policies

[Return to top](#)

There are no foreign exchange controls in Botswana and no restrictions on capital outflows through financial institutions. Commercial banks are required to have investors complete basic forms indicating name, address, purpose and other details prior to processing investors' transfer requests or loan applications. The Ministry of Finance monitors data collected on the forms for statistical information on capital flows, but the form does not require government approval prior to the processing of a transaction and does not delay capital transfers.

To encourage portfolio investment, develop the domestic capital market, and diversify investment instruments, non-residents are able to trade in and issue Botswana Pula-denominated bonds with maturity periods of over one year, provided such instruments

are listed on the Botswana Stock Exchange. Botswana's "Letlole Saving Certificate" (the equivalent of a U.S. Treasury bond) can be purchased only by Botswana citizens, however. Foreigners can hold shares in Botswana companies.

Botswana residents are permitted to invest overseas and borrow offshore. Travelers are not restricted to the amount of currency they may carry on their person or in their baggage, but they are required to declare to customs at the port of departure any cash amount in excess of Pula 10,000 (USD 1,430.00). There are no quantitative limits on foreign currency access for current account transactions.

The government permits the establishment of foreign currency-denominated accounts in Botswana. At present, commercial banks offer accounts denominated in U.S. Dollars, British Pounds, Euros and South African Rand. Businesses and other bodies incorporated or registered under the laws of Botswana may open such accounts without prior approval from the Bank of Botswana. The government also permits the issuance of foreign currency denominated loans.

Upon disinvestment by a non-resident, the non-resident is allowed immediate repatriation of all proceeds including profits, rents, fees, etc.

There is no difficulty in obtaining foreign exchange. Shortages of foreign exchange that would lead banks to block transactions are highly unlikely.

Expropriation and Compensation

[Return to top](#)

The Constitution of Botswana prohibits the nationalization of private property. The Government of Botswana has never pursued a policy of forced nationalization and is highly unlikely to adopt such a policy.

Dispute Settlement

[Return to top](#)

The Constitution of Botswana provides for an independent judiciary. Civil law is based on the Roman-Dutch system. The courts readily enforce legal agreements related to commercial dealings. Foreign and domestic businesspeople have equal access to the judicial system. In general, Botswana courts will enforce decisions of a foreign court found to have jurisdiction in a given case.

Botswana's performance on the Enforcing Contracts indicator of the World Bank Doing Business index is mediocre (70 out of 183). In the past, U.S. litigants have complained that the time taken to obtain and enforce a judgment in a commercial dispute is unreasonably long. During the past two years, however, the judiciary has brought the average time to conclude civil cases from more than 20 months to well under 11 months, and the speed continues to improve.

The laws of Botswana including Bills before Parliament are easily searchable and accessible through the Botswana Attorney General's Office web site (www.laws.gov.bw).

Botswana commercial and bankruptcy laws are comprehensive. Secured and unsecured creditors enjoy the similar rights under bankruptcy proceedings as they would in the United States. Botswana is a member of the International Center for the

Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA), and as such accepts binding international arbitration of investment disputes.

Performance Requirements and Incentives

[Return to top](#)

Performance requirements are not imposed as a condition for establishing, maintaining, or expanding an investment in Botswana, or for access to tax and investment incentives. Foreign investors are encouraged, but not compelled, to establish joint ventures with citizens or citizen-owned companies. The choice of citizens or citizen-owned companies belongs to the foreign investor.

Foreign investors wishing to invest in Botswana are required to register the company in accordance with the Companies Act and comply with other applicable legislation. Investors are encouraged, but not required, to purchase from local sources. The Government does not require investors to locate in specific geographical areas, use a specific percentage of local content, permit local equity in projects, manufacture substitutes for imports, meet export requirements or targets, or use national sources of financing.

As a policy matter the government encourages foreign firms to hire qualified Botswana nationals rather than expatriates, and the granting of work permits to expatriates may be made contingent upon establishment of demonstrable "localization" efforts. When such a contingency is imposed, after the company's start-up period the government may require evidence that a citizen is being trained to assume some of the duties being filled by an expatriate, particularly at the middle-management level.

Many investors who rely on expatriate managerial and technical expertise believe immigration is a major regulatory constraint. Some have complained of unreasonable delays in the adjudication of work permits, and others have said that the immigration and labor authorities lack the necessary skill and expertise to properly adjudicate applications for individuals who possess a particular technical skill set. The U.S. Embassy is working with the Government of Botswana to resolve these issues. It is important to note that the investor who meets BEDIA's criteria for assistance will receive official government support and expedited service in all matters related to compliance with regulation, including immigration.

Botswana offers foreign investors equal access to certain incentives designed to promote export-oriented industries. Current incentives include an exemption from sales tax when importing machinery and equipment required in the production of goods for export, and a drawback of import duties for purchasing raw materials to be used for the production of goods destined for export.

The Botswana Export Credit Insurance and Guarantee Ltd. (BECI) allows investors to purchase coverage against certain events and losses such as the insolvency and inability of buyers to pay for purchases, unanticipated import restrictions, or the blockage by the buyer's country of foreign exchange transfer.

Grants are available to the foreign investor who partners with a Botswana citizen. A venture capital fund has been established under the Citizen Entrepreneurial

Development Agency (CEDA) to provide equity capital to citizens and ventures between citizens and foreign investors. Approximately USD 28.6 million is available in the fund.

The government has directed central government, local authorities and parastatal organizations to purchase all products and services from locally-based manufacturers and service providers if the goods and services are locally available, competitively priced and meet tender specifications in terms of quality standards as certified or recognized by the Botswana Bureau of Standards (BOBS). The Department of Industrial Affairs under the Ministry of Trade and Industry administers this program.

This presents a regulatory challenge for U.S. exporters because government, which accounts for 35 percent of GDP, is the major procuring entity in the country. In order for a foreign firm to qualify with the Department of Industrial Affairs as a “locally-based manufacturer or service provider” so as to be able to sell goods or services to the government of Botswana, the firm first must be registered with the Registrar of Companies and possess a relevant license or a waiver letter written by a “competent authority”. Foreign firms may qualify as locally-based provided they go through the registration procedure and obtain the appropriate license.

For Companies Act registration purposes, enterprises are classified as follows: Micro Enterprises – less than 6 employees including owner and annual turnover of up to P 60,000; Small Enterprises – less than 25 employees and annual turnover of between P 60,000 and P 1,500,000; Medium Enterprises- less than 100 employees and an annual turnover of between P 1,500,001 and P 5,000,000; Large Enterprises – more than 100 employees and an annual turnover of P5,000,000.

The Minister of Finance and Development Planning has the authority to issue “Development Approval Orders” for specific projects, providing special tax relief and/or education and training grants of different types and rates. The Minister must be satisfied that the proposed project will be beneficial to Botswana’s economy. Any firm, local or foreign, may apply for a Development Approval Order to the Permanent Secretary for Finance and Development Planning. Applications will be evaluated against the following criteria: job creation for Botswana citizens; the company’s training plans for Botswana citizens; the company’s plans to localize non-citizen positions; Botswana citizen participation in company management; amount of equity held by Botswana citizens in the company; the location of the proposed investment; the project’s effect on stimulation other economic activities; and the project’s effect on reducing local consumer prices.

Two government organizations, the Botswana Development Corporation (BDC) and the National Development Bank (NDB), complement the commercial lending of domestic banks. The BDC’s mandate is to assist local and foreign investors in the establishment and development of commercially viable business in Botswana in any sector except large-scale mining. The BDC offers equity participation for investment initiatives, loan financing, premises letting for residential, commercial and industrial properties and invoice discounting to provide investors and businesses with working capital.

The NDB offers competitive long-term loans and equity capital to finance commercial business development. Financing is available for all retailing, services and tourism, all industrial, manufacturing and mining undertakings, real estate, and agricultural projects including game farming. Both foreign and domestic investors are eligible for NDB loans

and equity participation in investments. Loans can be as large as BWP 55 million (roughly USD 8,600,000).

Botswana's International Financial Services Centre (IFSC) aims to develop Botswana into a hub for cross-border financial and business services in the region. The government encourages foreign financial service providers wishing to set up banks, insurance companies, administration and holding companies, funds managers, and those wishing to undertake business process outsourcing and call centers to use the IFSC. Foreign investors receiving IFSC certification are guaranteed a maximum tax rate of 15 percent until 2020, exemption from withholding tax in Botswana, access to Botswana's expanding double taxation treaty network, and exemption from capital gains tax. To date, 35 financial services operations including some from the United States have used the IFSC.

Right to Private Ownership and Investment

[Return to top](#)

Botswana has no restrictions on investment ownership, the sources of financing for investments, the marketing of products, the sources of technology used by companies, or the methods of training used by companies. Foreign and domestic private entities may freely establish, acquire, and dispose of their interests in business enterprises.

However, as previously discussed, certain enterprises are reserved for ownership by citizens, and the Trade Act of 2008 is currently being enforced in such a way that all businesses are required to obtain licenses whether or not a nexus exists to a legitimate public interest.

Protection of Property Rights

[Return to top](#)

The Constitution of Botswana prohibits the nationalization of private property.

There are three main categories of land in Botswana: Freehold, state land, and tribal land. Tribal and state land cannot be sold to foreigners. There are no restrictions on the sale of freehold land, but only about 5% of land in Botswana is freehold. In Gaborone, the number of freehold plots is limited.

State land represents about 25% of land in Botswana. On application to the Department of Lands, a foreign-owned enterprise registered in Botswana may lease state land for industrial or residential use. Commercial use leases are for 50 years and residential leases are for 99 years. Waiting periods tend to be long for leasehold applications, but subleases from current leaseholders are possible.

Tribal land represents 70% of land in Botswana. To obtain a lease for tribal land, the investor must approach the relevant local Land Board. Processes are unlikely to be streamlined or consistent across Land Boards.

Unfortunately, Land allocation trends since independence establish that the policy in Botswana has been to increase the area of tribal land at the expense of both state and freehold land.

Landlord-tenant law in Botswana tends to be moderately pro-landlord.

In addition to helping investors who meet its criteria obtain appropriate land leaseholds, BEDIA has also built factory units for lease to industrialists at affordable rental with the option to purchase at market value.

Transparency of Regulatory System

[Return to top](#)

Bureaucratic procedures necessary to start and maintain a business tend to be open, although somewhat slow.

The Public Procurement and Asset Disposal Board (PPADB) is responsible for the award of all government tenders. The tender process is competitive and open, both as a matter of law, and in practice. Prospective government contractors are required to register with the PPADB. The PPADB maintains a process by which tender decisions can be challenged, and a bidder believing a given tender procedure was unfair can also seek a remedy in the courts. PPADB publishes its decisions concerning awarded tenders, prequalification lists, and newly registered contractors. Available government tenders and tender decisions can be found on PPADB's web site.

Botswana has reserved certain tenders such as those involving information technology and construction for 100-percent citizen-owned companies, and has developed preference schemes in government procurement to promote citizen economic activity. The PPADB Act calls for preferential procurement of citizen-owned contractors for "works, service and supplies," as well as "specific, disadvantaged women's communities," though it states that such preferences must be time bound, phased in and out as necessary, and consistent with the country's external obligations and its "market-oriented, macroeconomic framework."

Health and safety laws, embodied in the Factories Act of 1973, provide basic protection for workers from unsafe working conditions. Minimum working conditions required on work premises include cleanliness of the premises, adequate ventilation and sanitation, sufficient lighting and the provision of safety precautions. Health inspectors and the Botswana Bureau of Standards carry out periodic checks at both new and operating factories.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

The government encourages the establishment of new and diverse financial institutions to support increased foreign and domestic investment and to fill existing gaps where finance is not commercially available.

Botswana's central bank, the Bank of Botswana, acts as banker and financial advisor to the government and is responsible for the management of the country's foreign exchange reserves, the administration of monetary and exchange rate policies and the regulation and supervision of financial institutions in the country. Monetary policy in Botswana is widely regarded as prudent. Inflation fell from a peak of 15 percent in late 2008 to an average of 6 percent by March 2010. As a consequence, monetary policy has been eased of late as inflation decelerated toward the upper end of the Bank of Botswana's 3-6 percent objective range. Inflation increased to 7.8 percent in May 2010 because of higher VAT.

Botswana banks may lend to non-resident controlled companies and other non-resident owned business entities in Botswana without specific approval from the Bank of Botswana. As a practical matter, foreign investors usually enjoy better access to credit than local firms due to the limited capital base of the local entrepreneur and conservative lending policies by commercial banks. Commercial lenders generally apply a debt to equity ratio of 4:1. Authorized dealers and credit institutions licensed by the Bank of Botswana are allowed to make foreign currency-denominated loans, financial leases and other forms of financial support to their customers in Botswana whether or not they have onshore accounts.

As of December 2010, there were nine commercial banks operating in Botswana, and no merchant banks. All have correspondent relationships with U.S. banks. In addition, the African Banking Corporation operates a financial services institution, specializing in structured trade finance, treasury operations and investment banking.

The Botswana Stock Exchange (BSE) enjoyed spectacular growth between 2000 and 2006. In 2010, still reeling from the effects of the recession, the market capitalization of the domestic firms listed on the exchange fell to its lowest level since 2006. The Foreign Company Index, however, increased by 23% during 2010. The number of foreign companies listed in the exchange was unchanged at 11. Six of these are mining-related operations. The BSE is set to shift to automated trading in 2011.

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) started its operations in April 2008 and is responsible for regulating all non-banking financial entities registered in Botswana including those engaged in asset management, micro-lending, pension funds, insurance and collective undertakings. The regulations are designed to extend know-your-customer practices to the non-bank financial sector and deter money laundering and terrorist financing. NBFIRA is also responsible for regulating the International Financial Services Centre (IFSC).

The Government has legitimized offshore capital investments and allows foreign investors, individuals and corporate bodies, and companies incorporated in Botswana to open foreign currency accounts in specified currencies. The designated currencies are US Dollar, Pound Sterling, Euro and the South African Rand. There are no known practices by private firms to restrict foreign investment participation or control in domestic enterprises. Private firms are not permitted to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.

In general, Botswana exercises careful control over credit expansion, the Pula exchange rate, interest rates, and foreign and domestic borrowing. Banking legislation is in line with industry norms for regulation, supervision and payments.

Competition from state-owned Enterprises

[Return to top](#)

State-owned enterprises (SOEs) are majority or hundred percent owned by the Government. No law or regulation prohibits or restricts private enterprises from competing with SOEs. Private and government-owned enterprises are governed by the same business registration and licensing laws. The government has set up state-owned enterprises to compete with the private sector when and where an opportunity arises – primarily in the financial and utilities sectors – with a view to assist the development of

local small and medium enterprises. The senior management of SOEs report to the Permanent Secretary of the relevant ministry and the board seats of the SOEs may be allocated to any executive from the government and/or the private sector. Botswana law requires SOEs to publish annual reports, and depending on how they are constituted, subject themselves to audit by professional accountants or the Auditor General. Botswana has a sovereign wealth fund which is listed as the Pula Fund. This long-term fund was established under the Central Bank of Botswana Act and forms part of the country's foreign exchange reserves, which are partly funded by diamond revenues. The Pula Fund is wholly invested in foreign currency denominated assets. All realized market and currency gains or losses are recognized within the Bank's income statement.

Corporate Social Responsibility

[Return to top](#)

Corporate Social Responsibility (CSR) is highly recognized and embraced by government, foreign and local firms, and customers. Increasingly, businesses, NGOs and the Government are pulling together to promote business, social and environmental progress.

Political Violence

[Return to top](#)

There is no political violence in Botswana.

Corruption

[Return to top](#)

Botswana has a strong legislative regime to combat corruption. The major corruption investigation body is the Directorate on Corruption and Economic Crimes (DCEC). Overall, DCEC is regarded an active and effective organization.

Corruption in Botswana occurs but most have noted that it has not been an obstacle to investment. Botswana ranks 33th out of 178 countries in Transparency International's Corruption Perception Index for 2010. The DCEC has embarked on an education campaign to raise public awareness about the cost of corruption and is also working with Government departments to reform their accountability procedures. In 2009 a total of 1,926 reports of corruption were received by DCEC of which 671 were investigated and 44 prosecuted.

In cases involving substantial misappropriation of money and land by government personnel, the DCEC and Attorney General have not been reluctant to investigate and prosecute officers at all levels. Still, common bribery appears to be on the rise, especially at lower levels, in both government and the private sector. Corruption or "cheating for valuable consideration" is punishable by a prison term of up to 10 years, a fine of (USD 71,430), or both.

The government bureaucracy is paid on time and is provided a living wage. Investors with experience in other developing nations describe the relative lack of obstruction or interference by law enforcement or other government agents as among the country's most important assets.

Foreign investors' complaints generally focus on the inefficiency and/or unresponsiveness of mid-level and low-level bureaucrats in government. Some have

observed that nepotism in government as well as the private sector is too often tolerated; this situation is not aided by the small size of the population and the chronic shortage of skilled workers. The government has introduced a Performance Management System to improve the service and accountability of government employees, but its effectiveness has not yet been evaluated.

The 2000 Proceeds of Serious Crime Act expanded the DCEC's mandate to include money laundering. The 2009 Financial Intelligence Act provides a comprehensive legal framework to address money laundering and establishes a financial intelligence agency (FIA). The FIA, to be placed under the Ministry of Finance and Development Planning, will cooperate with various institutions such as Directorate of Public Prosecutions (DPP), Botswana Police Service, Bank of Botswana, the Non-Banking Financial Institutions Regulatory Authority (NBFIRA), the DCEC, and foreign FIAs to uncover and investigate suspicious financial transactions. Botswana is a member of the Eastern and Southern Anti-Money Laundering Group (ESAAMLG), a regional standards-setting body for ensuring appropriate laws, policies and practices to fight money laundering and the financing of terrorism.

Bilateral Investment Agreements

[Return to top](#)

Botswana and the United States entered into an investment guarantee treaty soon after independence. Botswana has bilateral trade agreements governing the duty-free entry of goods with Malawi and Zimbabwe in southern Africa. Botswana is also a member of the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). Other members of SACU include South Africa, Namibia, Swaziland and Lesotho. SACU has announced it is planning to pursue free trade negotiations with China and India in addition to its Trade and Investment Cooperation Agreement with the U.S. Botswana has signed an interim Economic Partnership Agreement (EPA) with the EU as part of SADC. In addition, Botswana participates in the Generalized System of Preferences, and is an Africa Growth and Opportunity Act beneficiary country. It is important to note, however, that none of these agreements are specifically "investment" agreements.

Botswana's trade regime is more open than that of an average Sub-Saharan Africa country. Its tariff policy is governed by the SACU, which controls customs and excise duties on goods imported from non-SACU countries and establishes transit rights for products transported over Southern African territory. Botswana has erected some non-tariff barriers to trade, including import permit requirements for a variety of food products, seasonal trade bans on selected agricultural goods, and a state monopoly on beef exports. An ongoing USAID-funded program is working with the Government of Botswana and SADC to reduce such barriers.

OPIC and Other Investment Insurance Programs

[Return to top](#)

The Overseas Private Investment Corporation (OPIC) makes insurance available to U.S. investors in Botswana. In October 2008, OPIC approved a USD 250 million guarantee facility for the Botswana diamond industry. The purpose of the guarantee was to develop a robust lending market to Botswana's emerging cutting and polishing industry.

Botswana is a member of the Multilateral Investment Guarantee Agency (MIGA). MIGA offers investors protection against inconvertibility or transfer of currency, expropriation, breach of contract and war and civil disturbance.

The Botswana Pula has a crawling peg exchange rate and is tied to a basket of currencies comprised of approximately two-thirds South African rand and one third Special Drawing Right (SDR is itself a currency basket, comprising the U.S. dollar, the Euro, British pound, and Japanese yen). As a result of the composition of the Pula basket, the exchange rate is heavily influenced by movements of the South African rand against the U.S. dollar.

The U.S. Embassy in Gaborone purchases local currency at the official exchange rate provided by the Department of State's Financial Service Center. The annual estimated U.S. dollar value of local currency used by the U.S. Embassy in Botswana is US\$15 million.

Labor

[Return to top](#)

Botswana has high unemployment (estimated at 26.2 percent in 2008) and a severely constricted worker skills base. Employers can expect to engage in significant training efforts depending on the industry. Retention of workers and absenteeism can pose problems, and the high rate of HIV/AIDS affects the workforce on a broader basis. In addition, managers often cite productivity of the workforce as a point of frustration. The lack of trained local citizen professionals is generally resolved by the use of expatriates.

The Employment Act of 1992 provides basic guidelines for employment in Botswana. The legislation sets minimum wages, length of the workweek, annual and maternity leave, hiring and termination. Standards set by the Act are consistent with international best practice.

Some have observed that Botswana workers, as a whole, are both aware of their rights and not reluctant to take an employer to court if they believe these rights have been violated. Considerable expense and frustration can be avoided if an employer is careful to observe the labor laws and only fire for cause and with sufficient proof. Before a potential litigant goes to labor court, the parties must attempt mediation through the Department of Labor. If mediation fails, the parties go to one of eleven labor courts.

All Botswana citizens except those working in the BDF, police, and prisons are permitted to participate in trade unions. In general, however, labor unions in Botswana are not active, and are concentrated in the mining sector. The 2004 Trade Disputes Act is seen by the unions as favoring employers and requires submitting grievances to a complex procedure which, it is claimed, invariably results in strike action being declared illegal.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Botswana currently has no domestic free trade zones or free ports.

Foreign Direct Investment Statistics

[Return to top](#)

Foreign direct investment statistics trends show that FDI forms a major portion of capital flows into Botswana followed by portfolio investments, which have shown a considerable increase since the establishment of the Botswana Stock Exchange.

The following tables show the Levels of Foreign Investment in Botswana by Industry and Country. The figures are from the Bank of Botswana 2009 Annual Report, the latest available at the time of printing.

Level of Foreign Direct Investment in Botswana by Industry (millions of Pula)

Industry	Foreign Direct Investment	Other Investment
Mining	3,313	240
Manufacturing	75	136
Finance	2,712	1,472
Retail & Wholesale	62	401
Water, Electricity and Energy	0	103
Business Services	462	31
Transport and Communication	33	40
Construction	24	16
Hospitality	25	1
Public Administration	0	1,772
Other	9	107
Total	6,714	4,318

Level of Foreign Direct Investment in Botswana by Country

Source	Foreign Direct Investment	Other Investment
North and Central America	420	67
(of which) U.S.	416	67
Europe	3,625	1,035
(of which) U.K.	739	909
(of which) Netherlands	6	0
(of which) Luxembourg	2,861	45
(of which) other Europe	19	82
Asia Pacific	71	0
Africa	2,500	1,255
(of which) South Africa	1,713	975
Middle East	0	0
Other	98	1,959
Total	6,714	4,318

Average exchange rate USD/Pula 1:7

Mining and finance remain the main contributing industries to foreign direct investment in Botswana, with a representation of 90 percent. Europe continues to dominate as the

principal source of direct investment as it accounted for 54 percent, with Luxembourg, which is a corporate residence of a major mining company, contributes about 43 percent of Europe's direct investment. South Africa is also a significant contributor to foreign direct investment, indicating South Africa's involvement with the financial institutions in Botswana.

The following paragraphs provide a description of the major U.S./foreign investors in Botswana.

AON Botswana is the largest insurance brokerage firm in the country. It currently commands about 60% of the insurance market and provides brokerage and advisory services in all insurance disciplines. It is a subsidiary of the AON Corporation, headquartered in Chicago. AON has annual revenues of USD 7 million and its primary clients are the Government of Botswana and Debswana (Government-De Beers joint venture).

Phillip Morris owns a percentage of SAB Miller Co., which owns 40 percent of Kgalagadi Breweries (KBL) (Pty) Limited and Botswana Breweries (Pty) Limited (BBL). The combined businesses employ more than 1,000 people directly and provide employment to a further 28,000 indirectly. Contributions to GDP and government revenue are estimated to be between 3 percent and 5 percent respectively.

Marsh Insurance established in 1994 is 95 percent owned by Marsh New York of the Marsh and McLennan Companies and is 5 percent locally owned.

H.J. Heinz, Inc. owns 80 percent of Kgalagadi Soap Industries, representing assets of well over USD 5 million.

Covalent Energy of Virginia owns 25 percent of the Kalahari Gas Corporation, which received OPIC funding for a natural gas drilling project in mid-2004.

Lazare Kaplan Botswana is a wholly-owned subsidiary of New York based sightholder and jewelry manufacturer Lazare Kaplan International.

Laurelton (Rand Diamond Botswana), a subsidiary of U.S. luxury jewelry retailer Tiffany & Co is a sightholder involved in cutting and polishing diamonds. In October 2010, Laurelton broke ground on an additional \$300 million diamond cutting and polishing factory.

The Gemological Institute of America, part of the U.S. non-profit institute of gemological research of the same name, operates an office in Botswana which offers training programs for Botswana citizens in diamond grading and grades diamonds for mining companies.

Additional U.S. Distributors/Agents/Franchises operating in Botswana include: Kentucky Fried Chicken, ReMax Realtors, Colgate Palmolive, Grant Thornton Acumen, Deloitte and Touche, PricewaterhouseCoopers, KPMG, Ernst & Young, DHL, Federal Express, Avis, 3M, Barloworld, and Canon. The auditing firms (e.g. PricewaterhouseCoopers, etc.) are wholly owned by the local partners and receive management control and guidance from the U.S.

Among non-U.S. investors, by far the largest is the Anglo-American Corporation (De Beers), which has a 50 percent stake, along with the Government of Botswana, in the country's diamond mining company Debswana.

Web Resources

[Return to top](#)

Bank of Botswana: <http://www.bankofbotswana.bw/>

Citizen Entrepreneurial Development Agency: <http://www.ceda.co.bw/>

Ministry of Agriculture: <http://www.moa.gov.bw/>

Ministry of Trade and Industry: <http://www.mti.gov.bw/>

Ministry of Finance and Development Planning: <http://www.finance.gov.bw/>

Southern African Development Community: <http://www.sadc.int>

Overseas Private Investment Corporation: <http://www.opic.gov>

Botswana Unified Revenue Service : <http://www.burs.org.bw/>

Botswana Public Procurement and Asset Disposal Board: <http://www.ppadb.co.bw>

Botswana Export Development and Investment Authority: <http://www.bedia.co.bw>

Botswana Development Corporation: <http://www.bdc.bw>

Botswana Telecommunications Corporation: <http://www.btc.bw>

Botswana Telecommunications Authority: <http://www.bta.org.bw>

Directorate on Corruption and Economic Crime: <http://www.gov.bw/en/Ministries--Authorities/Ministries/State-President/>

Botswana Stock Exchange: <http://www.bse.co.bw>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

The most common method of payment for imports from the U.S. is through Letters of Credit, bank drafts or bank transfers. There are currently no domestic credit rating agencies in Botswana.

How Does the Banking System Operate

[Return to top](#)

Botswana's banking sector consists of a central bank (Bank of Botswana) and seven commercial banks: Barclays Bank Botswana, Standard Chartered Bank Botswana, First National Bank Botswana, Bank of Baroda Botswana Ltd., Stanbic Bank Botswana, Capital Bank, African Banking and Bank Gaborone.

There are a growing number of investment and corporate finance institutions, including Investec Group, Andisa Bank, and the African Banking Corporation of Botswana, which specialize in structured trade finance, treasury operations, and investment banking. All are geared towards financing for existing and new businesses. However, a lack of adequate local corporate financing, partially as a result of over-concentration on asset-based as opposed to cash flow lending practices, has presented some problems for local and international businesses. The financial institutions are now improving the range of services they provide, including a new emphasis on small and medium-sized enterprises. In 2008 Government established the Non Banking Financial Institution Regulatory Authority to ensure that the non banking financial sector operates in an efficient and orderly manner. The newly-emerging group of international financial institutions that are entering Botswana under the umbrella of the International Financial Services Center (IFSC) should augment these efforts. The total number of Botswana IFSC certified companies now stands at 35.

The Bank of Botswana is responsible for monetary policies, central banking services, supervision of financial institutions, issuing of bank notes, implementing exchange rate policies, administering exchange controls and foreign exchange reserves management. The bank's financial statements comply with international standards.

Short-term finance, including pre-and-post-shipment credit, is readily available through the commercial banking system at market rates of interest. Export credit insurance is available through the Botswana Export Credit Insurance (BECI) agency.

The provisions for U.S. and other foreign firms borrowing in Botswana are liberal while local banks remain highly liquid. The country's commercial banks, however, have difficulty making long-term credit available due to the short maturity nature of their deposits and small capital bases.

Foreign-Exchange Controls

[Return to top](#)

There are no exchange controls in Botswana.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

There are currently no U.S. financial lending institutions in the country but all seven commercial banks mentioned above have correspondent relationships with U.S. banks.

Project Financing

[Return to top](#)

The Botswana Development Corporation (BDC) and National Development Bank (NDB) provide local project financing. In addition, the Citizen Entrepreneurial Development Agency (CEDA) operates a Venture Capital Fund to provide equity capital to citizens as well as ventures between citizens and foreign companies.

There are no multilateral development banks in Botswana.

The Overseas Private Investment Corporation's (OPIC) finance and insurance programs are available for Botswana. U.S. Export-Import Bank resources are also available for both trade financing and project financing in Botswana. In October 2008 OPIC approved a US\$250 million guarantee facility for the Botswana diamond industry. The purpose of the facility was to develop a vibrant and robust lending market to Botswana's emerging cutting and polishing industry.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccg/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Although friendly and well disposed toward Americans, Botswana business and government counterparts tend to be more reserved and formal than in the U.S. business world. The use of first names generally takes longer, and it is a good idea to wait until your Botswana contact initiates the practice. Reconfirm business meetings twenty-four hours in advance directly with the person you are to meet, if possible. Even carefully arranged meetings may sometimes start late. Business meetings may be interrupted by telephone conversations. Although odd for an American businessperson, these occurrences are not indications of a lack of respect or interest in your business proposal.

Travel Advisory

[Return to top](#)

U.S. Department of State Travel Advisory website:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1071.html

Visa Requirements

[Return to top](#)

A valid U.S. passport is required for entry into Botswana. No visa is required for U.S. citizens staying in Botswana up to 90 days.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following link:

U.S. Embassy Gaborone Consular Section: http://botswana.usembassy.gov/non-immigrant_visas.html

Telecommunications

[Return to top](#)

Botswana has a relatively modern telecommunications infrastructure, with more 20 licensed Internet service providers, three licensed mobile cellular phone operators, and a number of licensed private networks and data service providers in the country.

However, the Botswana Telecommunications Corporation maintains a de facto monopoly on most voice services, and maintains the country's fixed-line services exclusively. The high cost and inconsistent reliability of Internet service, including at the principal hotels in town, has fueled an infrastructure development initiative and discussions on further liberalization of the telecommunications industry. DSL service is available.

Promotional videotapes should be in the PAL-I format. Computer-based slide projectors are not readily available. Power runs on 220V.

Transportation

[Return to top](#)

Although major roads are generally in good condition, the combination of long, tedious stretches of two-lane highways, high speed limits, and the occasional presence of large animals on the roads make for dangerous driving conditions overall. Driving at night on rural highways should be avoided. Taxis are generally available in towns. Gaborone has several 24-hour door-to-door taxi services. Major hotels provide periodic shuttle bus service to the downtown area, but arranging transfers between business appointments is often difficult. Renting a car is recommended if you have a busy appointment schedule in Gaborone. The rental agencies will provide a driver for an additional charge, an option some may wish to consider as traffic moves on the left in Botswana.

Language

[Return to top](#)

English is the official language of government and business in Botswana. Setswana is the predominant indigenous language and the first language of most Batswana.

Health

[Return to top](#)

Inoculations are not required for visitors to Botswana. Malaria prophylaxis is necessary for those traveling north of Mahalapye especially in the Central, Chobe, Tuli Block, Ngamiland, northern game parks and reserves, and the Bobirwa area in the east. Tap water in the major towns is safe to drink. Medical facilities in Gaborone and Francistown are adequate, even though in some cases there has been need to transfer patients to neighboring South Africa. In the rest of the country, they are limited. Health providers often expect immediate cash payment for health services. U.S. medical insurance is not always valid outside the country.

Local Time, Business Hours, and Holidays

[Return to top](#)

For 2011, businesses will be closed in Botswana on January 1 (New Year's Day), January 2 (Public Holiday), April 2 (Good Friday), April 3 (Public Holiday), April 5 (Easter Monday), May 1 (Labor Day), May 13 (Ascension day), July 1 (Sir Seretse Khama Day), July 19 (President's Day), July 20 (Public Holiday), September 30 (Botswana Day), October 1 (Public Holiday), and December 24-25 (Public Holiday & Christmas), Dec 26-17 (Boxing Day & Public Holiday). Local government/business hours are commonly from 7:30-12:45 and 1:45-4:30, and local time is 7 hours ahead of Eastern Standard Time from November-April, and 6 hours ahead from May-October.

Web Resources

[Return to top](#)

Government of Botswana Homepage: www.gov.bw/

U.S. Embassy, Gaborone, Consular Section:
<http://gaborone.usembassy.gov/botswana/consular.html>

U.S. Department of State Travel Advisory for Botswana:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1071.html

Hospitality and Tourism Association of Botswana: www.hatab.co.bw

Botswana Export Development and Investment Authority: www.bedia.co.bw

Botswana Confederation of Commerce, Industry, and Manpower (BOCCIM):
<http://www.boccim.co.bw/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

U.S. Embassy Commercial Section Contact

Organization: Embassy of the United States of America
Contact Name and Title: Heather Merritt, Political / Economic
Section Chief
Aaron Karnell, Economic / Commercial Officer
Keletso Tlalè-Dube, Economic / Commercial Specialist
Address: P.O. Box 90, Gaborone, Botswana
Phone: (267) 395-3982 X 2319
Fax: (267) 395-6947 or (267) 395 7259
E-Mail address: commercialgabs@state.gov
Web Address: <http://botswana.usembassy.gov>

USAID Financed Trade Assistance/Capacity Building Center

Organization: Southern Africa Trade Hub
Web Address: www.satradehub.org

Local Chambers of Commerce/Business Associations

Organization: American Business Council (ABC) of Botswana
Email: rram@it.bw

Organization: Botswana Confederation of Commerce
Industry and Manpower (BOCCIM)
Web Address: <http://www.boccim.co.bw/>

Organization: Botswana Exporters Association of Botswana (BEMA)
Web Address: www.exporters.bw

Organization: Hospitality and Tourism Association of Botswana (HATAB)
Web Address: www.hatab.bw/

Government Agencies/Departments/Parastatals

Government Homepage: www.gov.bw

Organization: Ministry of Agriculture
Web Address: <http://www.moa.gov.bw/>

Organization:	Ministry of Trade and Industry
Web Address:	http://www.mti.gov.bw/
Organization:	Botswana Unified Revenue Service
Web Address:	http://www.burs.org.bw
Organization:	Ministry of Finance and Development Planning
Web Address:	http://www.finance.gov.bw/
Organization:	Bank of Botswana
Web Address:	www.bob.bw
Organization:	Botswana Exporter Development and Investment Authority (BEDIA)
Web Address:	www.bedia.co.bw
Organization:	Botswana Development Corporation
Web Address:	www.bdc.bw
Organization:	National Development Bank
Web Address:	http://www.ndb.bw/
Organization:	Public Procurement and Asset Disposal Board (PPADB)
Web Address:	http://www.ppadb.co.bw/
Organization:	Botswana Telecommunications Corporation
Web Address:	http://www.btc.bw/
Organization:	International Financial Services Center
Web Address:	www.ifsc.co.bw
Organization:	Botswana Unified Revenue Service
Web Address:	http://www.burs.org.bw

Think Tanks/Policy Organizations

Organizations:	Botswana Institute for Development Policy Analysis
Web Address:	http://www.bidpa.bw/

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

The following is a list of annual or semi-annual trade events held in Botswana:

- Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) Francistown Northern Trade Fair (Annual – May)
- BOCCIM National Business Conference (Bi-annual – September 2012)
- Botswana Consumer Fair (Annual - August)
- Botswana's Premier Food & Beverage Exhibition (FOBEX) – (Annual - July/August)
- Global Expo – BEDIA (Annual November)

Please click on the link below for information on global upcoming trade events.

<http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

U.S. businesses can contact the Embassy's Commercial Section below or contact the Department of State Economic/Commercial Officer at (+267) 395-3982.

<http://botswana.usembassy.gov>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.